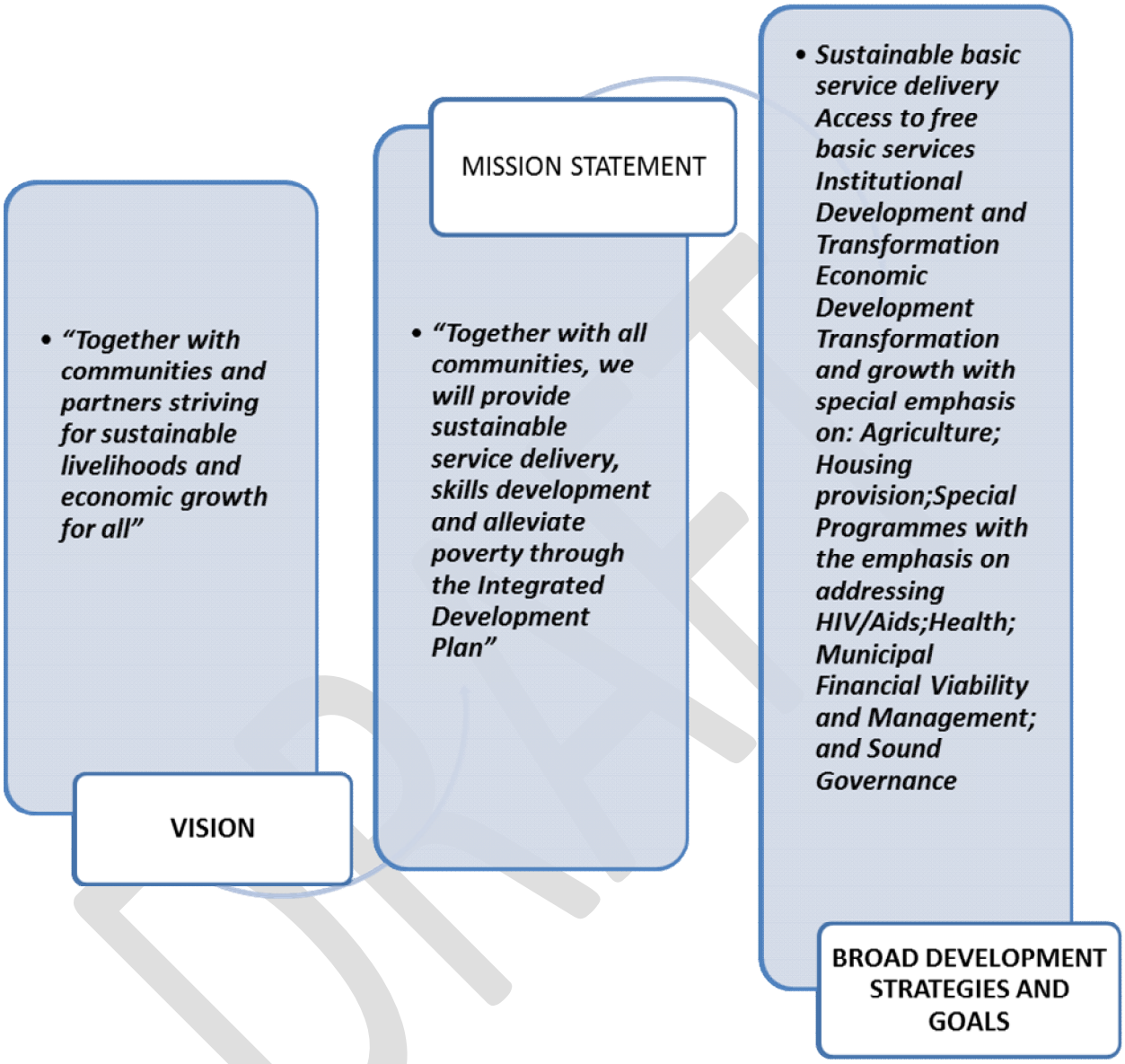
SAKHISIZWE ANNUAL REPORT



2010 / 2011


VISION
• "Together with communities and partners striving for sustainable livelihoods and economic growth for all"
MISSION STATEMENT
• "Together with all communities, we will provide sustainable service delivery, skills development and alleviate poverty through the Integrated Development Plan"
BROAD DEVELOPMENT STRATEGIES AND GOALS
• Sustainable basic service delivery Access to free basic services Institutional Development and Transformation Economic Development Transformation and growth with special emphasis on: Agriculture; Housing provision;Special Programmes with the emphasis on addressing HIV/Aids;Health; Municipal Financial Viability and Management; and Sound Governance

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CHAPTER 1.

INTRODUCTION AND OVERVIEW

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1.1 MAYOR'S FOREWORD

It is with great pleasure that I present to you the Annual Report for Sakhisizwe Municipality for the period 2010/2011.

It is with mixed feelings that I write this report, as it marks the end of my term of office, while also signifying a new beginning. It is therefore a time of personal sadness but also a time during which to be filled with excitement and energy as we look forward to welcoming a new dawn. The 2006 – 2011 period of office has presented this Council with so many challenges and opportunities, not the least of which related to the extreme financial difficulties, lack of infrastructure and the lack of acceptable levels of administrative structure and control.

Over these past five years we have indeed seen progress and are very proud of the many and exceptional changes and improvements that have taken place. With assistance in the financial management sphere (from the Development Bank of South Africa) and the introduction of improved controls and systems, we have progressed to a point where we can honestly say that we have had a financial turnaround. Clearly there is still room for improvement, but in many respects we have "broken the back" and are ready to move forward in a more effective and efficient manner.

The community's needs are always of paramount importance and service delivery and improved infrastructure remain our top priority. Our improved financial status has allowed us to provide much needed relief in these areas, but it is acknowledged that we have in many respects only just begun ---there is so much more to be done but we have to recognize that all change requires available resources to be able to meet this change effectively.

Mentioning a few of the most significant areas it is noted that:

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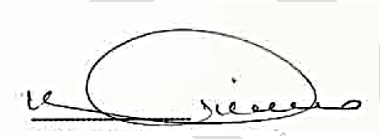
- Water and sanitation backlogs are being more effectively addressed and efforts to reduce these completely by 2014 and 2012 respectively are well underway;

- Improved efforts to facilitate and encourage much needed community support and participation have enjoyed much success. It is to be noted that Mayoral Feedback Imbizo's were held and newsletters published in order to improve communication. Greater public attendance and participation at these meetings was apparent although our wide geographical spread and economic challenges impede the level of progress and involvement. Ward based planning efforts are also being used to develop and review the IDP in an effort to improve this overall.

On the eve of the 2011-2012 period of administration and looking forward, I would like to take this opportunity to look back and thank the "outgoing Council" for all their support and efforts in ensuring that we move forward at a steady pace – PROGRESS HAS BEEN MADE – and this we can be proud of.

Additionally, we must acknowledge the efforts of the Municipal Manager and his team, without which we would have been unable to deliver on our mandate to the people.

To the new Council – we wish you every success and assure you of our continued commitment towards achieving a better future for us all!



Honourable Councillor: W. Tikana
MAYOR

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INTRODUCTION FROM THE INCOMING MAYOR AND COUNCIL

As I begin my term of office, may I take this opportunity to pledge my commitment and support to you – the community and staff of Sakhisizwe Local Municipality. As your newly elected Mayor and on behalf of Council, let me firstly thank you for your vote of confidence and for joining us in believing in a better future for all. We are all one, "working together" to achieve a common goal for us all – "to build a better future!"

We appreciate the efforts of our previous Council and know that you have laid a strong foundation for us to build on. We are committed to achieving sustainable growth and development as we move forward together on this journey.

As your political leadership we are committed to the following key development priorities:

- Service Delivery
- Local Economic Development and Growth
- Financial Viability
- Good Governance and Public Participation, and
- Municipal Institutional Development and Transformation

We undertake to engage in every effort to improve and enhance delivery in all key developmental priority areas. In particular we pledge ourselves to enhancing service delivery and ensuring that the client/ratepayer is treated with the utmost consideration and respect. In order to ensure effective service delivery in all of these focal areas we as Council will ensure that we develop good and sound working relationships with all managers, staff and stakeholders and we will treat enhanced levels of communication with the attention that they deserve.

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We look forward to serving you with pride, commitment and efficiency and to a very successful 2011-2012 as we enter into the first phase of our term together.



HONOURABLE MAYOR: S Jentile

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1.2. MUNICIPAL MANAGER'S REPORT

The 2010/2011 year has been both an exciting and challenging one. While we have come to the end of a political chapter, on the administrative side I have attempted to ensure that we have improved in the manner in which we provide administrative support – focussing on improving systems and controls.

Notwithstanding these administrative improvements overall, there are a number of areas that require focus and attention moving forward. These are reflected as follows:

- The municipality is to finalize the audit of all municipal owned properties, facilitate the backlogs of RDP housing and the list of commonages;
- Issues with SARS in respect of VAT reconciliations and outstanding refunds are to be resolved;
- Record keeping and accuracy of leave data must be improved;
- improving systems and controls (in all departments)
- Service Providers performance reporting and the provision of capital commitments register
- Improvements in reporting data ,specifically the accuracy of statistical data is required;
- The improvement of Service Delivery and Budget Implementation Plan is which is required to be aligned to both Budget and IDP, and presented with well-constructed targets;
- Departmental SDBIP reporting
- Performance is required to be effectively assessed at both an individual and at an institutional level; and
- A re-written IDP is required, that accurately reflects the required data and targets with the required clear financial plans.

Overall, it must be acknowledged that while a system for performance assessment and management is provided for, this has not been accurately applied. It is imperative that

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systems of performance are not simply treated as issues of compliance but are rather treated as a very necessary part of our day-to-day functioning. Moving forward it is hoped that his will become part of the municipality's day-to-day operational focus.

In so far as service delivery initiatives are concerned, it must be noted that while definite progress has been made over the past number of years, backlogs in essential services are still noted and set to be eradicated in respect of Sanitation and Water by 2012 and 2014 respectively.

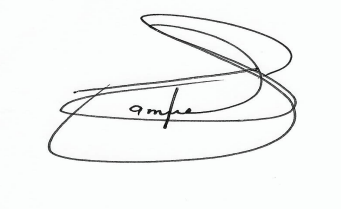
Public Participation will always remain a challenge in terms of obtaining the levels of commitment and support required. Efforts to improve public participation and communication have included Mayoral Report Back Imbizo's and newsletters. While improvements are duly noted, this remains an ongoing challenge.

The financial year culminated with the municipal elections (which were well planned and administered). With the election of the new Council and political administration, new challenges and changes are ahead. These changes bring with them the possibility for growth and new and improved ways to do things. In as much as we appreciate the great efforts made by the retiring Council in the past, we look forward to being part of progress and change as we move forward.

To the outgoing Council and as the head of the management team we thank you for your time of guidance and support which has allowed us to make progress in so many areas. To our new Council, we wish you all the best as you take up the leadership reins. We are here to work with you and to support you at an administrative level.

I would also like to take this opportunity to place on record my sincere thanks and appreciation to my management staff and staff throughout the municipality. Without your efforts and support, we would never have made the progress that we have thus far.

As an organisation, we look forward to new leadership and development on both the political and administration fronts.



……
T SAMUELS
MUNICIPAL MANAGER

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1.3. EXECUTIVE SUMMARY

Sakhisizwe Municipality's Annual Report has been provided in a manner that examined institutional performance from a number of different perspectives.

The report begins with an examination of the geographical context within which Sakhisizwe Municipality is situated. After analysis of the geographical context, an analysis of the income and population differentials it becomes easier to understand the very unique challenges faced by the community. |It is understood that Sakhisizwe Municipality is founded on a very poor rate base with extremely high levels of unemployment and poverty. This together with the geographical spread creates many challenges, not the least of which includes efforts to improve the financial viability for the organisation and efforts to ensure capacitated staff and an organisation that functions efficiently with systems and controls.

As depicted within this report, the development of an Integrated Performance Management Framework and System provides the organization with very efficient and effective method.

It must be noted that there is a discrepancy between the Performance Management Framework and system as detailed within the IDP as compared to the system applied within Sakhisizwe Municipality.

What is being applied within Sakhisizwe Municipality is a system that conforms to the Municipal Performance Management Regulations (August 2006) and this is a system that has been applied in-house.

What is reflected in the IDP is a balanced scorecard type system that has no bearing on the Performance Regulations, and reflects on a scoring system that is not user friendly to say the least.

This report reflects the Performance Management system that is applied within Sakhisizwe Municipality and one which conforms to the Performance Regulations of defining and assessing the performance targets for both the individual and the institution. In both instances, it is the strategic direction of the organisation that focuses and drives the achievement of organizational and individual goals.

Accordingly, the Integrated Development Plan (IDP) defines the strategic direction of the organization. This is translated annually into performance goals which in turn dictated the goals and targets of each department (depicted as the Service Delivery and Budget Implementation Plans) and these in turn are translated into the goals and targets of each individual illustrating the manner in which their performance contributes to the performance of the department, and ultimately the IDP. These targets and plans are all linked to the budget, and this helps to ensure that achievable and realistic targets are set.

The political administrative and functional structures are discussed, and it becomes apparent that the effective planning and functioning of these structures will contribute directly

towards the successes of the organization. It is a great privilege to honour and thank our old Council for their contributions and to welcome the new Councillors to the Municipality.

An analysis of all the levels of service delivery are provided within various sections of various chapters – making up the remainder of the reports. While it is noted that many and varied challenges have been experienced, and so too challenges, a number of the more important issues are highlighted as follows:

- The Performance Management Framework is required to be more effectively applied and must at some point be filtered throughout the organization.
- Once of the greatest challenges facing the municipality is the introduction of systems and controls which will be used to structure and effectively influence the manner in which functions are performed. This is at both an external and internal service delivery level;
- While it is acknowledged that the Workplace Skills Plan is developed and implemented, it must also be acknowledged that one of the greatest challenges facing Sakhisizwe Municipality is the great need to build capacity. This is exacerbated by the experience of skills shortages, and scarce skills, which exacerbate this further.
- Service delivery backlogs have been identified, and concerted efforts are being made to resolve these. Notwithstanding, the ageing infrastructure and limited finances do nothing to resolve these challenges;
- Technical skills are in short supply, and it is clear that these are needed to facilitate effective functioning within the areas of Electricity, Water, Housing, Roads and the like – notwithstanding the fact that Sakhisizwe Municipality is in many ways a facilitator of these services, having been appointed as the Water Services Provider by the Water Services Authority (CHDM).
- It is recognized that financial sustainability requires efforts to attract and draw investments into the economy and the Local Economic Development initiatives are required to address this need long-term. While efforts have been made to upskill members of the community and to create employment opportunities (through temporary jobs), it is acknowledged that limited progress in respect of Tourism initiatives have been made. This is required to received attention and focus moving forward.
- Services to the community are all provided with the single intent to provide better services and to uplift the standards of living for all services ranging from Public Health (now a provincial function) to refuse removal, maintaining parks, opens spaces, sportsfields, cemeteries, recreation areas housing provision and the like.
- The responsibility to provide free basic services is of paramount importance and the Indigent Policy is effectively applied.
- Systems, processes and procedures – progress in all areas is detailed in order to facilitate financial sustainability.

Moving forward and in terms of the stated Key Development Priorities for 2010/2011, reporting and focus contain within this report will relate to the following areas:

a. Service Delivery

- Water and Sanitation
- Roads, Stormwater and Transport Infrastructure
- Electricity
- Housing

- Health and Education
- Social Development
- Community Facilities (Libraries, Cemeteries, Pounds, Halls and the like)
- Disaster Management and Fire

b. Local Economic Development

- Planning
- Manufacturing and SMME support
- Tourism Development
- Agriculture and farming
- Poverty Alleviation

c. Financial Viability

- Financial Management and Reporting
- Budget and expenditure
- AG Queries
- Revenue and Billing
- Supply Chain Management
- Risk and Asset Management
- Financial Policies

d. Good Governance and Public Participation

- IDP and PMS
- IGR
- Public Participation
- Internal Audit
- Communications

e. Municipal Institutional Development and Transformation

- Organisational Development and Administration
- HR Development
- Capacity Building and Training
- Fleet Management
- Council Support
- Special Programmes (SPU)

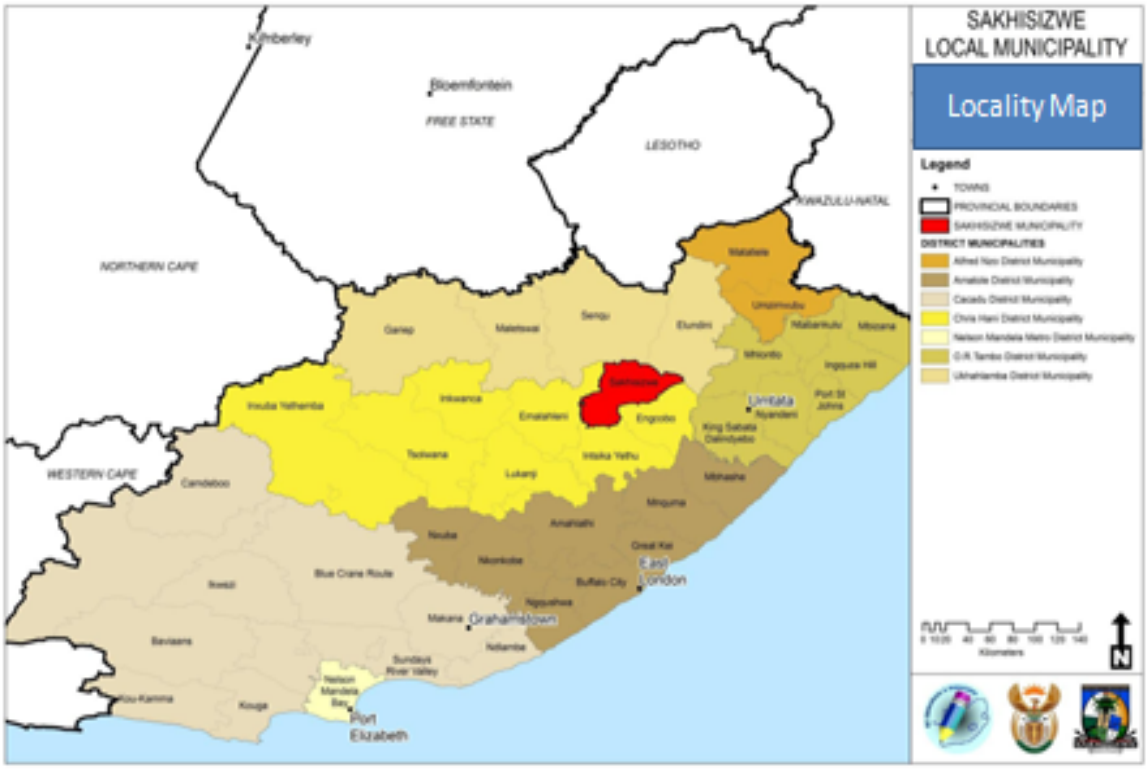
As will be detailed within the main body of this report, it is evident while progress within many areas is evident, ongoing commitment to reform and improvement is required in most areas.

Of particular challenge is Local Economic Development and the development of a suitable infrastructure to support this. Attention is to be focussed on the development of systems and controls

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1.4 SAKHISIZWE GEOGRAPHICAL CONTEXT

During December 2000, the local authorities and towns of Cala and Elliot (including the surrounding rural villages and farms) amalgamated to form Sakhisizwe Municipality. This municipality covers an area of about 2 556 km² and is detailed in the map below



From a tourism perspective it is to be noted that this area is extremely well known for its landscapes (beautiful mountains, beautiful rivers and dams). As a direct result, there are many game fishing opportunities to be had and opportunities for tourism are heightened.

DEMOGRAPHICS

Population

An estimated population size of 66 097 people is noted and these people in turn are distributed between 16 756 households. This is representative of an average size of 4 persons per household.

Rural vs. Urban Population

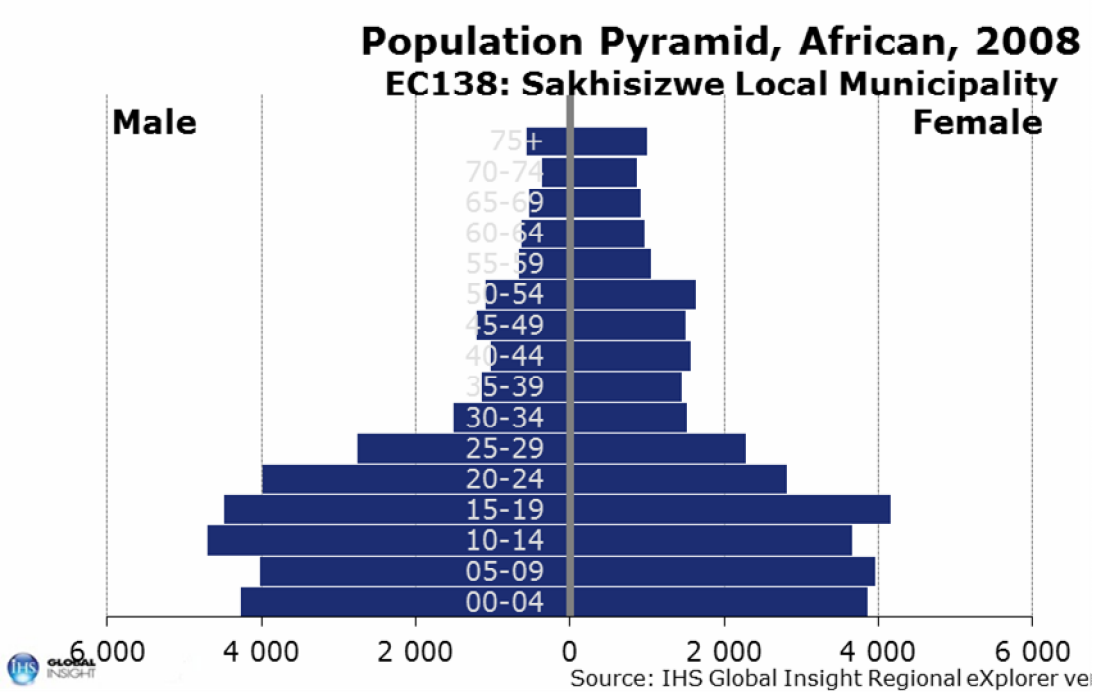
In terms of population density it is estimated that there are 29,9 people per square kilometre. However, due to the different rural and urban areas (geographical spread) it must be noted that the average density is able to vary between the various urban and rural areas.

As a predominantly rural municipality it is noted that just over 39% of households reside in the urban areas and peri-urban centres of Cala and Elliot. This means that the remaining 61% reside in the urban areas.

Age and Gender

It is noted that the population consists of more females than males and this is reflected as a 51:49 split respectively. For this reason it is important to ensure that integration and incorporation of women into key planning and decision making roles.

The diagram below is taken from the IDP and serves to depict a comparative view of the gender/age distribution within this community. It reflects the split within various age categories between males and females.



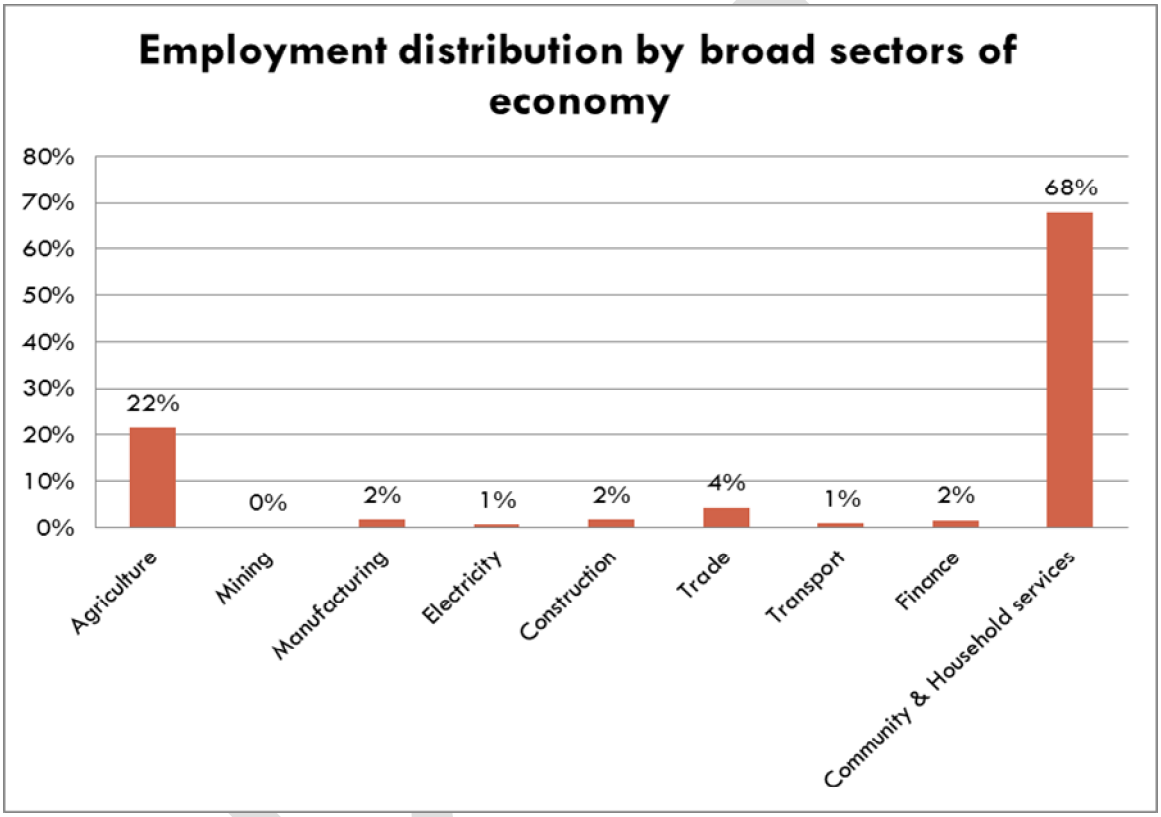
An analysis of the gender - age distribution indicates that the Sakhisizwe population is extremely youthful and is made up of a large number of school going age groups. For this reason it is important that youth development programmes are prioritised so as to ensure that the needs of the majority of the population are addressed.

Employment

High levels of unemployment are apparent and these are reflected at 36%. The main contribution to employment within this region relates to community and domestic services and this is followed by the agriculture and trade industries.

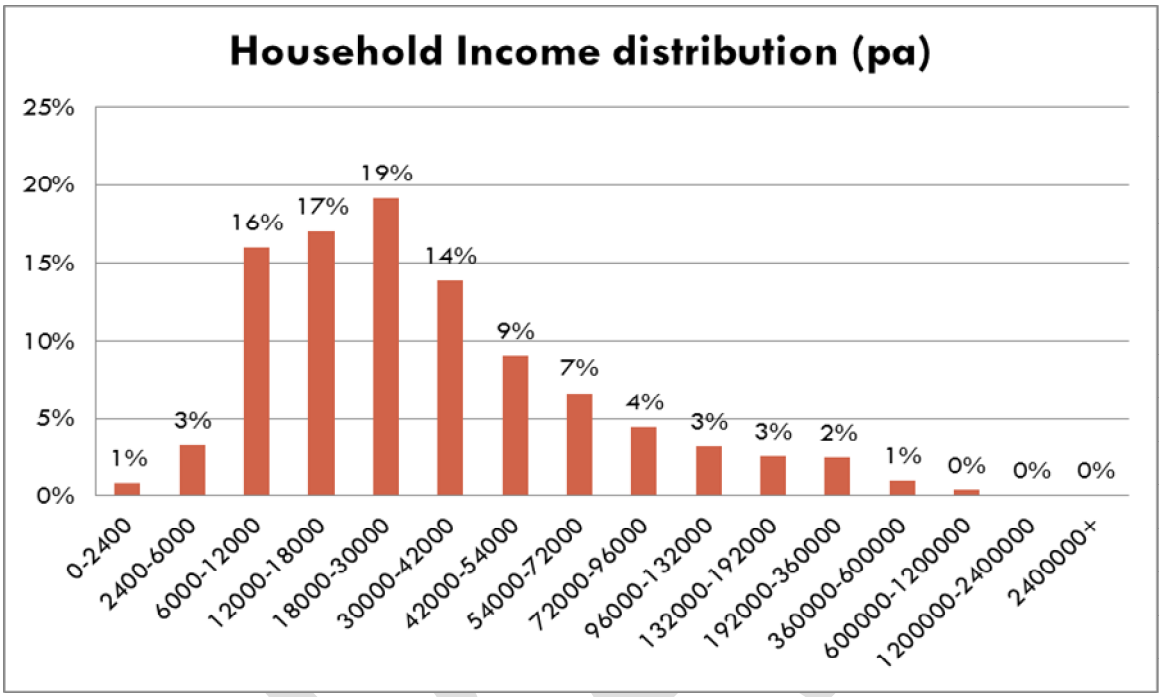
Tourism development and the manufacturing industry (with specific focus on SMME's), represent sectors within which it will be possible to increase employment.

The table below reflects the broad sectors of the economy and the related employment percentages as reflected within this region.



Income and Poverty Distribution

As per the table below, an estimated 56% of households earn just up to R2 500 per month (R30 000 per annum). 44% earn a gross income of R3 500 and above per month and many of these may be regarded as middle class. Unfortunately this category is still very low to be seen to successfully subsidize the indigent class – placing greater challenges on Sakhisizwe's economy.



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Part 2

ACHIEVEMENT REPORTS

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CHAPTER 1

ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

1.1 Presentation of the organizational structure (approved organogram)



NOTE: Reference is made to Annexure A, pages 47 to 63 which provides the detailed organogram for Sakhisizwe Municipality for 2010/2011.

Analysis and comparison between the currently approved organogram and current staff complement would indicate that:

- A total of 164 staff positions for the organization were approved for 2010/2011. Compared with the 2009/2010 year, a total of 159 positions are evidenced. The total number of approved but vacant positions is 36 at 30 June 2011.
- During 2010/2011, the following s57 managers were in possession of employment contracts and performance agreements:
  - o Municipal Manager
  - o Corporate Services Manager
  - o Chief Financial Officer
  - o Technical Services Manager
  - o Community and IPED Manager

The position of Community Services Manager has been incorporated into the functions of a Community / IPED Manager and the appointment of the Assistant Community Services Manager facilitates effective functioning within this position.

All s57 managers (x 5) performance agreements and employment contracts were submitted to the Department of Housing and Local Government and Traditional Affairs within the prescribed timeframes. The following table provides a synopsis of the number of staff vacancies and appointments that occurred during 2010/2011.

Staff vacancies and appointments

	Approved Positions (filled during 2010/2011 financial year)	Number of approved and budgeted posts per position	Filled Posts during 2010/2011 financial year	Vacant Posts
1	Communication Officer	1	0	1
2	LED	1	0	1
3	Receptionist	1	0	1
4	30 General Workers	30	0	30
5	6x Drivers	6	5	1
6	1X Roads Technicians	1	1	0
7	1X Internal Auditor	1	1	0
8	1X Committee Clerk	1	1	0
9	1X Supply Chain Management Officer	1	1	0
10	1XBudget & Treasury Officer	1	0	0
11	1X Credit Control Officer	1	0	0
TOTAL				**36**

The table below details the approved, filled and vacant funded posts within Sakhisizwe Municipality:

Total Positions on the organizational structure 2010/2011 financial year)	Approved Positions funded positions filled during 2010/2011 financial year)	Number of Employment Contracts and Performance Agreements	Filled Posts	Total Number of Vacant funded posts in the Entire Organization	Total number of unfunded vacant post
230	197 (to be confirmed – not absolute)	5(s57) Managers	161 (128 permanent + 33 Temps)	36	33
13 Councillors					

The table below details the approved, the temporary positions filled within Sakhisizwe Municipality:

Approved Temporary Positions funded positions filled during 2010/2011 financial year)	Filled Posts	Position
30	30	General Assistants
1	1	Budget & Treasury Officer
1	1	Credit Control Officer
1	1	Electrician (Re-engaged pensioner)

During 2010 /2011 financial year three (3) employees passed away, one (1) resigned and one (1) employee retired.

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Staff Complement

The table below indicates the positions as reflected by 30 June 2010/2011:

DEPARTMENT	NAME	COMMENTS
Administration	Booi N	
Administration	Ditala BN	
Administration	Dywili C	
Administration	Fini SP	
Administration	Kaluku EN	
Administration	Lengisi P	
Administration	Makangala MN	
Administration	Mbaleki PP	
Administration	Mbhalo SD	
Administration	Mdyosi B	
Administration	Mthontsi N	
Administration	Nadyokwe T	
Administration	Nobangela N	
Administration	Noxwe KLK	
Administration	Ntabeni TM	
Administration	Rubuluza SM	
Administration	Veldtman NN	
Administration	Xhali DB	
Community Services	Skade M	
Cala	Diliza	
Finance	Sijentu M	
Finance	Ben MM	
Finance	Breakfast B	
Finance	Faku PP	
Finance	Ndamase MS	
Finance	Ndamase MZ	
Finance	Nkula T	
Finance	Gantsho (Tyilana) BC	
Health	MponzO G	
Housing	Ntlonze NE	
Management	Steyn PH	
Management	Mazwayi NC	
Management	Mntonintshi	
Management	Saleni N	
Management	Samuel T	
Mayor's office	Maliti N	
MM's Office	Ngqwala S	
Elliot Technical	Arends DD	
Elliot Technical	Balekile VW	
Cala Technical	Beya NH	
Cala Technical	Booi DS	
Cala Technical	Burwana SE	
Cala Technical	Bushula LS	

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DEPARTMENT	NAME	COMMENTS
Cala Technical	Cekiso N	
Elliot Technical	Diba W	
Cala Technical	Diniso W	
Cala Technical	Dlikilili T	
Elliot Technical	Gcoko Z	
Cala Technical	Gcora B	
Cala Technical	Goba Z	
Elliot Technical	Jack MW	
Elliot Technical	Jack F	
Cala Technical	Jakada M	
Cala Technical	Joja N	
Technical	Jojo A	
Elliot Technical	Dlongwe N	
Elliot Technical	Fanape MC	
Technical	Fanaphi VL	
Elliot Technical	Korobela V	
Elliot Technical	Kudayi S	
Elliot Technical	Labuschagn F	
Elliot Technical	Lolo N	
Elliot Technical	Lose BP	
Elliot Technical	Lucas D	
Elliot Technical	Lucas P	
Calac Technical	Mabedumane Z	
Elliot Technical	Macuza S	
Elliot Technical	Madikwane M	
Cala Technical	Madolo FN	
Cala Technical	Magazi M	
Elliot Technical	Magwaza W	
Elliot Technical	Makendlana M	
Cala Technical	Mandlakazi S	
Elliot Technical	Marenene K	
Elliot Technical	Mazingisa MW	
Cala Technical	Mbebe SM	
Technical	Mbeshu ZB	
Cala Technical	Mfuleni N	
Technical	Mhali T	
Elliot Technical	Mnamekwana T	
Cala Technical	Mbinda V	
Cala Technical	Mnyaka D	
Cala Technical	Mose S	
Elliot Technical	Mponzo S	
Elliot Technical	Mteto M	
Cala Technical	Mtshazi A	
Cala Technical	Mvenge BA	
Elliot Technical	Ncisana P	
Cala Technical	Ndleleni PM	
Cala Technical	Ndzondela DM	

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DEPARTMENT	NAME	COMMENTS
Technical	Ndlela S	
Technical	Njobe SM	
Elliot Technical	Nkabi N	
Elliot Technical	Nkanunu B	
Elliot Technical	Nobangela S	
Elliot Technical	Nobangela P	
Elliot Technical	Nobangela H	
Elliot Technical	Nobangela KF	
Elliot Technical	Nobangela NR	
Elliot Technical	Nobangela K	
Elliot Technical	Notoyi BJ	
Elliot Technical	Ntozini S	
Technical	Ntsizakalo T	
Technical	Ntuta TJ	
Elliot Technical	Nqcayimban VG	
Cala Technical	Nqoko M	
Cala Technical	Olayi SM	
Elliot Technical	Oranje JJ	
Elliot Technical	Paraffini A	
Elliot Technical	Paraffini L	
Elliot Technical	Paraffini N	
Cala Technical	Pasiya TM	
Cala Technical	Qitsane X	
Elliot Technical	Sithetho CZ	
Elliot Technical	SontshI ST	
Cala Technical	ThulanI N	
Cala Technical	Tshisa L	
Cala Technical	Tyutu BP	
Elliot Technical	Vuntu NK	
Elliot Technical	Yamiso LX	
Traffic	Makhundayi SG	
Traffic	Mbambo MK	
Traffic	Mpalala MN	
Traffic	Nyembe L	
Health	Pita G	
Traffic	PontshI V	
Traffic	Ponoshe N	
Elliot Technical	Mgolombane M	Retired
Cala Technical	Dlephu M	Resigned
Elliot Technical	Makeleni B	Deceased
Cala Technical	Veldman NM	Deceased
Traffic	Winnaar C	Deceased
	Gongqa F	Intern
	Hintsa L	Intern
	Pilani N	Intern
	Kwahene M	Temp
	Luwaca F	Temp

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DEPARTMENT	NAME	COMMENTS
	Labuschagne P	Temp

1.2 Staff development Initiatives during the Financial Year

In keeping with the Skills Development Act, Sakhisizwe Municipality has the responsibility to capacitate its employees in order to improve service delivery. Accordingly, the municipality compiled its Workplace Skills Plan for the 2010/2011 financial year and this was adopted as required by Council after having been signed by all the relevant parties (i.e. Employer and representatives of the Employees i.e. SAMWU and IMATU).

Funding for training and development for 2010/2011 is reflected as follows:
Total Training Budget: R243, 816.00
Total Actual Training Spent: R354, 996.00
Total Levy Spent: R220, 987.24
Mandatory Grant: R42, 202.94

Internship Programme

With funding received from National Treasury four (4) interns were employed in the year under review, and they are currently undergoing in-service training within the Department: Budget and Treasury Services.

The internship programme was introduced to alleviate the negative impact that skills shortages has had on recruitment and the subsequent placement of suitably qualified persons. The internship programme is aimed at empowering and capacitating future employable staff.

The internship programme is regarded as a means to balance the immediate shortages of staff with the long term demand for employees. It is envisaged that both current and future personnel shortages could be reduced as the Municipality intends to absorb some of the already trained candidates, who have been exposed to the organization on a practical level.

Two (2) young professionals had also been employed by DBSA within the Budget and Treasury Department in previous years to assist with IT and other finance related areas. After these contracts had expired (30 June 2011) Sakhisizwe employed these two professionals on contract to continue to work within the Budget and Treasury Department.

As per this plan, the training and development programmes were planned and implemented during the year and detail in this regard is provided in the table below:

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Table: Types of Training Provision 2010/2011

Name	Course	Provider	Duration	Implementation Date	Budget	Status
Babalwa Breakfast Masabata Sijentu Philiswa Faku Thobeka Nkula	Local Government Accounting Certificate	AAT / SAICA	1 Year	10 June 2010 – 01 June 2011	R60,000.00 LGSETA FUNDED	In progress Awaiting Graduation
Pieter Steyn Anela Tikana Busisiwe Tyilana Lalelani Hintsa Fikiswa Gongqa Abongile Pilana	Municipal Finance Management	Project Administration Services	14 Months	05 July 2010 – 09 Sep 2011	R225,000.00	In progress
Patience Mbaleki Bongile Mdyosi	Managing Absenteeism & Leave Abuse	Global Business Solutions	1 Day	18 Aug 2010	R3,850.00	Completed Obtained a Certificate
Khangelani Noxwe Bongile Mdyosi	Employment Equity & Skills Capacitation	Global Business Solutions	1 Day	21September 2010	R3,950.00	Completed Obtained a Certificate
Daniel Xhali	Transport, Fleet and Fuel Management	Sipuka Consulting	3 Days	13 – 15 October 2010	R7,980.00	Completed Obtained a Certificate
Simemo Ngqwala	Performance Management & Auditing	Audit Risk Management Solutions	2 Days	14 Oct 2010 – 15 Oct 2010	R5,700.00	Completed Obtained a Certificate
Nomthandazo Mazwayi Siyavuma Ntakana	Performance Management	Jessina Naome & Associates	3 Days	25 – 27 October 2010	R18,217.20	Completed Obtained a Certificate

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Name	Course	Provider	Duration	Implementation Date	Budget	Status
Sibongile Fini Bongile Mdyosi	Records Disposal Training	Content @ Work Academy	1 Day	02 November 2010	R5,000.00	Completed
Michael Kwahene Busisiwe Tyilana	Public Asset & Inventory Management	Excel Knowledge Consulting	3 Days	29 Nov 2010- 01 Dec 2010	R17,920.80	Completed Obtained a Certificate
Kholekile Mbambo	Examiner of Vehicles	Gene Louw Traffic College	3 Months	10 Jan 2011 – 11 March 2011	R7 378.06	Completed Obtained a Certificate
Busisiwe Tyilana	Supply Chain Management	PALAMA	5 Days	28 Feb 2011- 04 Mar 2011	Not Indicated	Completed
Siyabonga Ndlela Bongile Mdyosi Khangelani Noxwe Nowinki Maliti Maureen Ntabeni	Advanced Management Development Programme	PALAMA	3 Months	14 Mar 2011- 13 May 2011	Funded by Local Government	Completed
Pius Ndleleni Daniel Xhali Mzivukile Ben	Emerging Management Development Programme	PALAMA	3 Months	11 April – 03 June 2011	Funded by Local Government	Completed
Nomthandazo Mazwayi Ntsikelelo Saleni Mayenzeke Skade Xola Mntonintshi Simemo Ngqwala	Municipal Finance Management Certificate Programme	University of Fort Hare	1 Year	18 Jan – 18 Nov 2011	LGSETA FUNDED	In progress

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Key HR statistics per functional area

1.3 Full time staff complement per functional area (examples given below)

NUMBER OF STAFF	GENDER	POSITION
1 1 1 4 9 1 **Total 17** (new Council was elected and appointed **as from May 2011)**	African Male African Male African Female African Female African Male White Male	Mayor Chief Whip Speaker Councillors Councillors Councillor

NUMBER OF STAFF	GENDER	POSITION
1 4 8 **(Outgoing Councillors – May 2011)** **Total 13**	African Female African Female African Male	Mayor Councillors Councillors
1 Total 1	African Male	Top Management
2 1 1 Total 4	African Male White Male African Female	Senior Management
6 3 1 Total 10	African Male African Females White Male	Professionally qualified
13 14 1 Total 28	African Male African Female Coloured Male	Skilled technical
23 1 Total 24	African Male Coloured Male	Semi – skilled
36 23 2 Total 61	African Male African Female Coloured Male	Unskilled

/Cont...

NUMBER OF STAFF	GENDER	POSITION
14 16 2 1 Total 33	African Male African Female Coloured Male White Male	Temporary employees
3 1 Total 4	African Female African Male	Interns
Grand Total (inclusive of councillors Temporary staff and Interns		

1.4 Key HR statistics per functional area

1.4.1 Full time staff complement per functional area including councillors (total 159):

1.4.2 Technical Staff Registered with Professional Bodies

Technical Service (e.g. Water, Electricity etc.)	Total Number of technical service managers	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
NONE	**1**	**NONE**	**NONE**	**2**

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1.4.3 Levels of education and skills

Total number of staff (Excluding 13 councillors)	Number of staff without Grade 12	Number of staff with Senior Certificate only	Number of staff with Tertiary/ accredited professionals training
128 Permanent 3 Interns 33 Temporary staff 164 Staff	104	20	22

1.4.4 Trends on total personnel expenditure

Financial Year	Total number of staff	Total approved operating budget	Personnel expenditure (salary and salary related)	Percentage of expenditure
2007-2008	145	31 017 539	16 377 024	52.80
2008-2009	149	56 048 611	16 991 724	30.32
2009-2010	159	80 912 833	22 352 952	27.63
2010-2011	161	81 937 297	22 098 724	26.97
* 172 including Councillors (2009-2010)				
* 174 including councillors (2010/ 2011)				

1.4.5 List of pension and medical aids to which employees belong

Pension Fund	Number of members		Medical Aid	Number of Members
Sala Pension Fund	7		Bonitas	37
Cape Joint	6		Discovery LA Health	6
Samwu Provident Fund	96		Alexander Forbes	1
			SAMWUMED	31
			Sanlam Annuity	1
			Hosmed	10

1.5 Senior Officials' wages and benefits

Municipal Manager: Thembeni Samuel	2011	2010
Annual Remuneration	556 494	502 238
Car Allowance	84 000	123 797
Performance & Other Bonuses	38 422	185 592
Contributions to UIF, Medical and Pension Funds	137 061	182 956
Housing & Telephone allowances	81 708	83 208
Subsistence & Other allowances	46 764	75 320
TOTAL	**944 449**	**1 153 111**

Chief Financial Officer: Pieter Steyn	2011	2010
Annual Remuneration	507 698	448 824
Car Allowance	60 000	88 476
Performance & Other Bonuses	1 983	36 592
Contributions to UIF, Medical and Pension Funds	138 486	131 717
Subsistence & Other allowances	65 640	25 508
TOTAL	**773 807**	**731 117**

Corporate Services Director: Nomthandazo Mazwayi	2011	2010
Annual Remuneration	521 759	476 291
Car Allowance	108 000	119 490
Performance & Other Bonuses	39 632	64 980
Contributions to UIF, Medical and Pension Funds	29 500	-
Housing & Telephone allowances	-	1 000
Subsistence & Other allowances	17 926	43 306
TOTAL	**716 817**	**705 067**

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IPED Director: Ntsikelelo Saleni	2011	2010
Annual Remuneration	531 640	477 681
Car Allowance	108 000	109 524
Performance & Other Bonuses	44 670	75 369
Contributions to UIF, Medical and Pension Funds	13 599	-
Housing & Telephone allowances	-	11 786
Subsistence & Other allowances	39 953	27 507
TOTAL	**737 862**	**701 867**

Technical Services Director: Xola Mntonintshi	2011	2010
Annual Remuneration	513 818	470 432
Car Allowance	108 000	115 573
Performance & Other Bonuses	41 930	66 186
Contributions to UIF, Medical and Pension Funds	32 381	-
Housing & Telephone allowances	-	12 496
Subsistence & Other allowances	17 586	11 262
TOTAL	**713 715**	**675 949**

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Employment Equity

Occupational Categories	African Male	Colored Male	Indian Male	White Male	African Female	Colored Female	Indian Female	White Female	Foreign Nationals	TOTAL
Top management	1	0	0	0	0	0	0	0	0	1
Senior management	2	0	0	1	1	0	0	0	0	4
Professionally qualified and experienced specialists and mid-management	6	0	0	1	3	0	0	0	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	13	1	0	0	14	0	0	0	0	28
Semi-skilled and discretionary decision making	23	1	0	0	0	0	0	0	0	24
Unskilled and defined decision making	36	2	0	0	23	0	0	0	0	61
TOTAL PERMANENT	81	4	0	2	41	0	0	0	0	128
Temporary employees	14	2	0	1	16	0	0	0	0	33
GRAND TOTAL	95	6	0	3	57	0	0	0	0	161

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1.6 Annual performance as per key performance indicators in municipal transformation and organisational development

	Indicator Name	Total Number of people (planned for) during the year under review	Achievement level during the year under review	Achievement Percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts	36	9	25%	Efforts are to be made to fill vacant funded posts. Notwithstanding Retention challenges and scarcity of skills adversely affect this target.
2	(Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	5	5	100%	N/A
3	Percentage of Section 57 Managers including Municipal Managers who attended at least one skill development training course within the Financial Year	5	5	100%	
4	Percentage of Managers in Technical Services with a professional qualification	2	2	100%	PMU Manager Technical Services Manager not yet registered in the accredited professional body
5	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	0%	0%	0%	The entire staff participated in the Skills Audit that was done by Conyama Consultancy Firm during the previous performance period. During the current period these forms were not completed and not submitted to the SDF.
6	Percentage of councillors who attended a skill development training within the current 5 year term	2	2	15.38%%	2 out 13 councillors
7	Percentage of female employees	47	47	29.19%	
8	Percentage of employees that are aged 35 or younger	14	14	8.69%	

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1.7 Major challenges and remedial action in regard to human resource and organisational management

MAJOR CHALLENGES	REMEDIAL ACTIONS
1. Within the Finance and IT sections a shortage of critical or scarce skills exists within the municipality.	- Ensuring that a succession strategy is implemented for these particular positions. - Ensuring implementation of an internship policy aimed at sourcing and developing these skills
2. Staff turnover is prevalent among designated employee groups.	- Retaining and develop staff / people from designated groups. - Implement appropriate training measures. - Facilitate the development and implementation of the Retention Strategy.
3. Performance management currently focuses only on Section 57 Managers and fails to reward outstanding performers and punish non-performers	- Facilitate the implementation of Policy with performance outcomes - Enhance organizational performance by managing individual performance through the implementation of the Performance Managing System throughout the organization (cascaded to lower levels over time).
4. Staff shortage at HR Department that leads to inability deliver timeously	- Filling of proposed critical positions that are reflected on the organogram such as: Labour Relations Officer and SHE Practitioner.
5. Out-dated Municipal by- laws	- The Municipal by-laws are currently outdated and it is required that a service provider be appointed to develop new by-laws for the municipality and to ensure that these are Gazetted.
6. No retention strategy in place	- The Retention Strategy is required to be developed and adopted in order to attract and retain required staff (critical and skills scarcity).
7. Women at Management level insufficiently represented.	- Ensure % representation of women at management level in terms of EE Plan.

1.8 IMPLEMENTATION OF PERFORMANCE MANAGEMENT

It must be noted that a discrepancy exists between the Performance Management Framework and System as depicted within the IDP and that which is currently approved and applied within Sakhisizwe Municipality. This discussion will reflect the approved and applied policy and not that which is reflected within the reviewed IDP.

In terms of the Local Government Municipal Systems Act, Act No. 32 of 2000 municipalities were required to utilize and adopt Performance Management policies that were commensurate with their resources and best suited to their circumstances.

In accordance with this Sakhisizwe Municipality adopted a performance management framework that would be utilized to develop a Performance Management Policy which would be appropriate for Sakhisizwe Municipality. Application of this policy and the population of the performance targets was also required to ensure alignment to the organizations Integrated Development Plan (Strategic Goals and Objectives) and it's annual budget for the year in question.

In developing the Performance Management System Framework, Sakhisizwe Municipality took into account the prescriptions of the following pieces of legislation:

- Local Government Municipal Systems Act, Act no. 32 of 2000;
- Municipal Planning and Performance Regulations (2001) and (2006); and
- Municipal Finance Management Act, Act no. 56 of 2003.

The Performance Management Framework is applicable to a Performance Management Cycle which extends from 1 July to 30 June annually. In applying the framework to this cycle, the following principles apply:

- The 5 year IDP provides the strategic direction for the municipality.
- The IDP is reviewed annually and annual IDP targets are set.
- These annual objectives/targets are translated into departmental objectives (departmental scorecards).
- These in turn are translated into the Service Delivery and Budget Implementation Plans for each department. As operational plans, these SDBIP's are required to be aligned to the budget and to depict annual performance targets that are broken down into quarterly targets.

NOTE: **The Finance Department is not solely responsible for the preparation, monitoring and reporting on the SDBIP. Each line department is required to take ownership of the performance in their area of functional responsibility and the municipal manager must manage the overall performance reporting processes. If departments plan and set targets well in advance and as accurately as possible, the Finance Department can prepare credible cash flow budgets and plan their supply chain management processes against agreed delivery targets and standards.**

- In order to facilitate the achievement of the SDBIP targets, these targets are further translated into individual employee performance targets (as depicted within individual

scorecards). All targets effectively cascade from the top to the bottom (throughout the organization), becoming more operational at each lower level.

Currently the individual performance management system has only been applied at the level of the s57 Managers. Further refinement and work on the framework and policy itself is required in order to enable this system to be applied to lower levels.

Notwithstanding, it must be understood that performance management is required to occur on two levels in order for it to be successfully applied. With this integrated approach, performance is measured and facilitated at both the individual and the institutional levels. Each of these levels will be examined as follows:

a. Employee Performance Management

At the Employee level, performance management involves the following four phases:

Quarter	Period	Month of Reporting	Type of Monitoring
1	July – September	October	Coaching and Review
2	October – December	January	Assessment
3	January – March	April	Coaching and Review
4	April – June	July	Final Assessment

Prior to the beginning of the performance cycle it is required that both employer and employee mutually agree on acceptable performance targets that will be captured in the employee's performance scorecard. It is imperative to ensure that there is alignment between the individual scorecard, the departmental scorecard, the SDBIP, the budget, and the IDP (which provides the required strategic direction).

Activities during each quarter

First Quarter (Mentoring and Coaching):
Essential planning and the development of the performance scorecard for the new financial year is completed after discussions between the manager and subordinate. A Personal Development Plan is then developed after additional discussions. When an understanding is reached of the required performance targets, and the required skills and levels of capacity to meet these, as compared to the subordinate's actual targets, then the PDP is able to be populated. Performance gaps are identified and a plan is developed and committed to in order to ensure that these areas of deficiency are adequately addressed. Consideration of the manner in which to close these gaps is discussed and finally factored into a PDP (Personal Development Plan) which in turn will inform the Workplace Skills Plan (detailing required developmental objectives). Mentoring and coaching also occur in order to ensure that every effort is made to support and facilitate required performance and the meeting of required targets.

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Second Quarter (First Review):
During the first review performance is formally assessed and rated according to the rating calculator/scale which will be detailed further on. Discussions and ratings take place between the manager and subordinate and every effort is made to reach agreement based on evidence to support claims of performance (i.e. Portfolio of Evidence). Where improvement is required appropriate action must be taken and monitored in terms of actual performance. This is agreed to by both parties.

Third Quarter (Mentoring and Coaching):
The third quarter is characterized predominantly by coaching and mentoring. Within formal discussions, performance shortfalls are identified and appropriate action plans are developed in order to facilitate achievement of the required targets. Where standards are being met and where performance exceeds required standards this is acknowledged and recognized appropriately in terms of accepted management principles.

Fourth Quarter (Final Review):
During the final review performance is formally assessed and rated by an assessment panel according to the rating calculator/scale which will be detailed further on. Based on the consolidated score of all panellists, it is determined whether any performance bonus will become due.

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Constitution of the Evaluation Panel for Final Reviews (MM and s57 managers')

The evaluation panel for s57's and managers reporting to these s57 managers as per the Performance Management Regulations are reflected as follow:

EVALUATION PANEL OF THE MUNICIPAL MANAGER		EVALUATION PANEL OF MANAGERS ACCOUNTABLE TO THE MUNICIPAL MANAGER
Mayor (Sakhisizwe Municipality)	→	Municipal Manager (Sakhisizwe Municipality)
Chairperson of the audit committee or member of the Audit Committee	→	Chairperson of the audit committee or member of the Audit Committee
Executive Committee member	→	Executive Committee member (portfolio head of the respective Department - nominated by Mayor)
Executive Committee member	→	Executive Committee member
Mayor from another municipality	→	MM from another municipality
Ward committee member nominated by Mayor	→	PMS Facilitator
PMS Facilitator		

Rating and assessing individual employee performance

These Performance Evaluation Panels review each manager's performance and rate this according to the rating calculator reflected on the next page. Each member of the assessment panel scores each indicator individually and a PMS Coordinator collates all the scores and presents a consolidated report which will produce a final rating that is required to be ratified by Council before being accepted.

Based on the final score (out of 200 points), a bonus award may be applicable based on a sliding scale of 5-14% as provided by the Regulations or up to 20% in the case of "special cases". Any bonus award (if applicable) is required to be approved by Council and can only be awarded after the Annual Report is approved by Council and has in this manner been verified and approved by the Auditor General's office.

NOTE: This is recommended according to Circular 32 of the MFMA.

It is a misconception, that if an organization receives a qualified audit report that no bonuses are allowed to be paid. It must be noted that the assessment of performance for every s57 Manager will be specifically based on his/her KPA's (Key Performance Areas) and CMC's (Core Management Competencies). Based on these results (not the

organizations overall result) the performance bonus will either be found to be applicable or not. All performance claims are required to be validated and as such each manager is required to present a detailed Portfolio of Evidence containing all supporting documentation/material that validates all actual claims of performance. In the absence of evidence the lowest score is awarded and it must be noted that all scores made by the panellist would ultimately be required to be validated by an Audit Committee that would sit expressly for this purpose.
In order to rate performance achieved, the following **rating calculator** is used:

Level	Terminology	Description
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the employee has achieved above the fully effective results against all performance criteria and indicators as specified in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year.
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
2	Performance not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

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Using the rating calculator and based only on the 4th quarter final rating, performance bonuses will be allocated to qualifying s57 Managers. The bonuses that may be awarded (as detailed below) **are not applicable** to those managers that are considered to be "Special Cases" in terms of the Municipal Performance Regulations. Bonuses are paid out as a percentage of the all – inclusive remuneration package as follows:

Performance Score	Performance Bonus
150% +	10% – 14%
130% to 149%	5% – 9%

Accordingly:

- A score of 130-133.99 receives a bonus of 5%
- A score of 134-137.99 for example would receive a bonus of 6% as per the sliding scale above and detailed in the table below; and
- Any score of 166 and above receives a fully bonus of 14% of the all-inclusive remuneration package.

TABLE: Sliding Bonus Scale

Performance Score	% Bonus
130	**5**
134	**6**
138	**7**
142	**8**
146	**9**
150	**10**
154	**11**
158	**12**
162	**13**
166+	**14**

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Special Cases

S57`s managers that entered into contracts prior to implementation of the Performance Management Regulations are treated as "special cases" in terms of section 39(2) of the Performance Regulations. Currently, the Municipal Manager is the only s57 manager to qualify within this category. In this regard Mr Samuels may qualify to receive a bonus up to a maximum of 16% of his total remuneration package. This is applicable both in terms of the regulations and his performance contract.

In determining the performance bonus, it must be noted that the relevant percentages will be required to be based on the overall rating calculated by using the applicable assessment rating calculator (as already detailed above). Accordingly for special cases the following bonus structure applies:

TABLE: Bonuses for Special Cases

RATING	ASSESSMENT SCORE	PERFORMANCE REWARD
5	81 - 100	Total Package x 16% (full bonus)
4	66 - 80	Total Package x 16% x percentage (%) obtained in formal evaluation
3	51 - 65	Total Package x 16% x percentage (%) obtained in formal evaluation
2	36 - 50	Total Package x 16% x percentage (%) obtained in formal evaluation
1	Less than 35	No Reward

Management of Poor Performance

Poor or unacceptable performance is required to be managed according to standard practice and in terms of the organizations Grievance and Disciplinary Code. In the event that these attempts prove to be unsuccessful, the employer should take steps to terminate the contract on grounds of misconduct or incapacity. In that case, there should be adherence to the provisions of the Labour Relations Act (Schedule 8, Code of Good Practice).

Final Reporting: Employee Performance

Within 14 days of concluding the assessment of the MM's performance, the results thereof will be submitted to the MEC for Eastern Cape Local Government and the national Minister for Local Government. **NOTE: No final formal assessment will be conducted until the Annual Report is finally approved and therefore the data contained within the Annual Report will have been audited --- thereby verifying statistics and performance claims on which the assessments will be based.**

b. Annual Performance Reporting and Review (Institutional Performance)

Annually it is required that a comprehensive report on the performance of the Municipality is compiled as per the prescriptions of Chapter 12 of the Municipal Finance Management Act, Act no. 56 of 2003. In terms of these prescriptions the following table details all the Performance Reporting and responsibilities required at the institutional level:

REPORT	FREQUENCY	SUBMITTED FOR CONSIDERATION AND/OR REVIEW	REMARKS
1. SDBIPs	Quarterly	Exco	See MFMA Circular 13 of National Treasury for further information
2. Monthly budget statements	Monthly	Mayor (in consultation with Exco)	See Sections 71 and 54 of the MFMA
3. Organizational Scorecard	Quarterly	Exco	This PMS framework (see section 8.5.1 above)
4. SDBIP mid-year budget and performance assessment	Annually during January of each year	Mayor (in consultation with Exco)	See Sections 71 and 54 of the MFMA
5. Performance Report	Annually	Council	See Section 46 of the Municipal Systems Act as amended. Said report to form part of the annual report
6. Annual Report	Annually	Council	See Chapter 12 of the MFMA

The review in January coincides with the mid-year performance assessment as per s72 of the Municipal Finance Management Act, Act no. 56 of 2003. This section requires that the Accounting Officer must by 25 January of each year, assess the performance of the municipality and report to Council on the service delivery performance during the first half of each financial year and the service delivery targets and indicators as set out in the SDBIP.

Note: While the PMS Framework has been drafted, the PMS system is not effectively applied. While scorecards and performance agreements are drafted annually for all s57 managers, it is noted that:

No quarterly assessments /coaching takes place and the last reviews that have been conducted formally were in the 2008/2009 financial year. This is due to the inability to successfully arrange and hold performance assessment meetings (due to ongoing postponement and the unavailability of the panel members and Council.

It is critical that commitment to the process of Performance Management is obtained and that it be treated as a compliance issue (especially as assessment form part of the s57 managers contracts and performance agreements).

Auditing

The MFMA requires that an internal audit function is utilized in order to audit and verify the accurateness and correctness of the performance management function and reporting requirements.

The internal audit system is a shared function with support provision from Lukhanji Municipality. This shared audit function operates between Sakhisizwe Municipality, Emalahleni Municipality and Lukhanji Municipality. An Internal Auditor has been appointed and an Audit Committee has been established but the committee partially functioned in the year under review. Challenges occurred during the second half of the year when 2 of the 3 members resigned and no quorum was available to resume our meetings. Unfortunately the vacancies were not filled by the Municipality and hence the Audit Committee could not function and execute all of their responsibilities.

The municipality's internal auditors must submit quarterly reports on the audits undertaken to the Municipal Manager and the Audit Committee.

The Audit Committee was established in terms of the MFMA and the Municipal Planning and Performance Management Regulations and is comprised of a minimum of 3 members, the majority of which are not employees of Council, and must exclude Councillors. Additionally the Chairperson may not be an employee of Sakhisizwe Municipality.

The Audit Committee is required to:

- Review the quarterly reports submitted to the internal audit;
- Review the PMS System of the municipality with recommendations to Council; and
- Submit the Audit Report to the Municipal Council at least twice during the financial year.

The table below highlights the key roles and responsibilities of all role-players in respect of Performance Management.

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Roles & Responsibilities

STAKEHOLDER	ROLE
Council (Plenary System)	Adopt the PMS Framework & PMS Adopt the Municipal Scorecard Conduct Annual Review Commission Performance Audits Report to the public and Province
Management Team	Plan for PM Adopt the PMS Framework & PMS Draft Scorecards Approve Departmental Scorecards Conduct Performance Measurements Commission Performance Reviews Produce PM Reports Commission Performance Audits
Audit Committee	Audit PM Reports & make recommendations
Internal Audit	Audit the results of Performance Measurements
IDP Steering Committee	Participate in PM Planning, Monitoring & Review
IDP Rep. Forum	
Ward Committees	

Application of Performance Management during 2010/2011

It must be noted that performance management is not being effectively applied and all aspects of the system are not being applied as per policy prescriptions. It is noted that performance evaluations for s57 managers were last conducted for the 2008-2009 period. This was due to issues raised by Councillors, these annual assessments and any related performance bonus have not been conducted or awarded since this period. Council has been advised that the failure to formally conclude an annual performance assessment is contrary to the contract of employment that has been established with these s57 employees and they have been cautioned against continuing with this practice.

The IDP has been criticized for the manner in which it has been compiled and in particular performance targets have been poorly written. It is argued that there is little alignment between the IDP, SDBIP and Budget. The SDBIP is not being maintained and therefore this is an area that is required to be addressed as it is imperative that what is reflected within the IDP is reflected within the SDBIP and related Budget. This contributes to the development of poor scorecards .Failure to ensure alignment has resulted in a situation where financial allocations for projects often fall short of requirements and this results in finances being moved around between projects to accommodate need.

While performance scorecards were rewritten in order to comply with reporting in respect of the national indicators and while some improvements have been made regarding the manner in which performance targets were written, ongoing improvement in so far as performance management is concerned, is required.

Performance Management is required to be more effectively applied. While the issues raised are not new it is clear that these have not been adequately addressed and more effective controls are required in order to facilitate that these issues are resolved.

In an effort to address these issues it is required that all staff /councillors are to be effectively workshopped on the practical implications of performance management – both at the individual and institutional level. Every emphasis will be placed on developing good targets and appropriate controls.

Alignment between the IDP, SDBIP and Budget is to receive focus and to be achieved. This is to be conducted timeously and it is to be recognized that performance management is an integral part of every managers responsibility. Each manager is to play their role in ensuring appropriate input and support to this process.

While institutional performance was measured through SDBIP reporting, the formal application of the employee performance management system was not being applied as required. Attention appears to be placed on the final assessment rather than the 1st review and the coaching sessions required during the first and third quarter. Within the new financial year, all steps within the PMS Framework are required to be followed.

Scorecards for 2010/2011 were developed and were aligned to the National Indicators and IDP as per requirements. Notwithstanding, improvements are acknowledged, regards the performance targets which could have been more specifically worded in many instances. Setting of performance targets and controls is an issue that needs to be addressed formallyand efforts will be made to improve within this area.

It is recognized in future when planning and compiling these scorecards every effort must be made to ensure that targets are written in an objective manner (managers are required to provided input in establishing these targets /milestones), and according to the **SMART** principle. In this regard targets must be written in a manner that is:

Simple to understand;
Measurable (able to be measured);
Achievable;
Realistic; and
Time bound

The following Key Performance Areas (KPA's) were reflected within each s57 Managers scorecard as follows

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- Basic Service Delivery
- Good Governance and Public Participation
- Municipal Institutional Development and Transformation
- Municipal Financial Viability and Management
- Local Economic Development

Key performance indicators were detailed within each KPA.

Within each scorecard, these KPA's account for 80% of the value of the Performance Targets. The remaining 20% is made up of Core Management Competencies (CMC's) Three (3) compulsory CMC's are required to be evaluated. These are detailed as:

1. Financial Management
2. People Management and Empowerment
3. Client Orientation and Customer Focus

Two elective CMC's /CCR`s are required and must be chosen in accordance with the job functions.

A Portfolio of Evidence is developed which reflects all documentation to support all KPA and CMC indicators. In this manner all claims of performance can be validated and provided as part of any audit query or validation.

Note: The IDP (Integrated Development Plan) has been reviewed but it's was identified that there were many discrepancies between the information contained within the IDP`s for 2009/2010 and the 2010/12011 financial years form which the SDBIP's (Service Delivery Budget and Implementation Plans and performance scorecards) had been developed. The development and population (development of performance targets and alignment to IDP/Budget) and SDBIP reporting still remains a challenge.

As mentioned above, as with the previous financial years 2010/2011 the performance levels of the s57 Managers were not evaluated in terms of the **final review.** This too applies to the two preceding financial years. The PMS was therefore not fully applied. It is critical that all 4 phases of the performance cycle are conducted and this is an issue that has to be addressed if performance management is to be taken seriously and applied effectively. This has been a criticism in the past few years and it is clearly an issue that is urgently required to be addressed moving forward.

Quarterly performance and SDBIP reporting was not conducted according to standard or according to the PMS Framework. Moving forward it will be required that all cycles of Employee Performance are strictly applied and incorporate coaching and review. It is noted that the final review of the s57 managers will only occur (for the year 2010/2011)

after the approval of the Annual Report as it is only at this time that the information has been audited and verified.

In respect of performance reporting at the institutional level, it is unfortunate that the S72 report was not submitted on the required deadline. While this was not ideal, it perhaps highlights the need for all managers to treat performance management as an area of priority and to recognize that the responsibility of reporting lies with each and every manager. In other respects performance reporting (institutional level) is occurring in the manner required.

Assessment of Performance

As in the previous years, it is noted that the PMS cycle is not being correctly applied throughout the year. It would appear that it is only the final review that is being conducted. Clearly, this is an area that is required to be remedied and every prescribed activity within every quarter is required to be applied as detailed within the policy.

It must be acknowledged that the process of performance assessment has to date not been without challenge. However it is accepted that over time and with focused effort towards capacitation of staff, performance assessments will become more effective and will result in a process which embodies the culture of performance optimization throughout the organization (councillors and staff alike).

At an individual level, the assessment of performance occurs as an evaluation of actual performance as against the performance target. Each official who was assessed (only s57 managers during the current financial year) were required to develop /compile a Portfolio of Evidence and to present this to a Performance Management Assessment Committee. This portfolio is required to contain measurable and verifiable proof that performance occurred at a particular level. Failure to produce appropriate evidence will result in performance claims being called into question as they are not able to be verified.

Each member of the assessment panel scored each indicator individually and a PMS Coordinator collated all the scores and presented a consolidated report which would produce a final rating that would be required to be ratified by Council before being accepted and applied in terms of policy.

Based on the final score (out of 200 points), a bonus award may be applicable. Reference is made to a sliding scale of 5-14% as provided by the Regulations or in terms of the criteria for Special Cases. This bonus (if applicable) is required to be approved by Council and any bonus can only be awarded after the Annual Report is approved by Council and has in this manner been verified and approved by the Auditor General's office. **(Reference is made to Circular 32 of the MFMA).** It is a misconception, that if an organization receives a qualified audit report that no bonuses are allowed to be paid. It is noted that the assessment of performance for every s57 Manager will be specifically based on his/her KPA's and CMC's. Based on these results (not the organization), the performance bonus will either be found to be applicable or not.

In this regard it is fair to say that great strides have been made and performance management is being applied at the most basic level. Notwithstanding it is imperative that every aspect of the system and cycle are applied. At the individual level this is clearly an area for improvement. At the institutional level it must be noted that improvements have been made in respect of more refined and more aligned SDBIPs. This in turn is directly as a result of the manner in which departments/staff detail and formulate their targets (showing alignment to the IDP and National Indicators). Notwithstanding, improvements within both areas are still required.

In this regard and with particular emphasis moving forward, the following issues must be addressed:

- Improved setting of performance targets;
- Ensuring alignment at every level;
- Following all reporting within the performance cycle;
- Ensuring that municipal backlogs and related infrastructure needs not only meet these services but are sustained ongoing, and are measured and reported on regularly.

It is certain that If compliance is reached within all of these areas, performance functioning and reporting will be greatly facilitated and will ensure that Sakhisizwe Municipality establishes itself as a high performing municipality.

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ORGANOGRAM

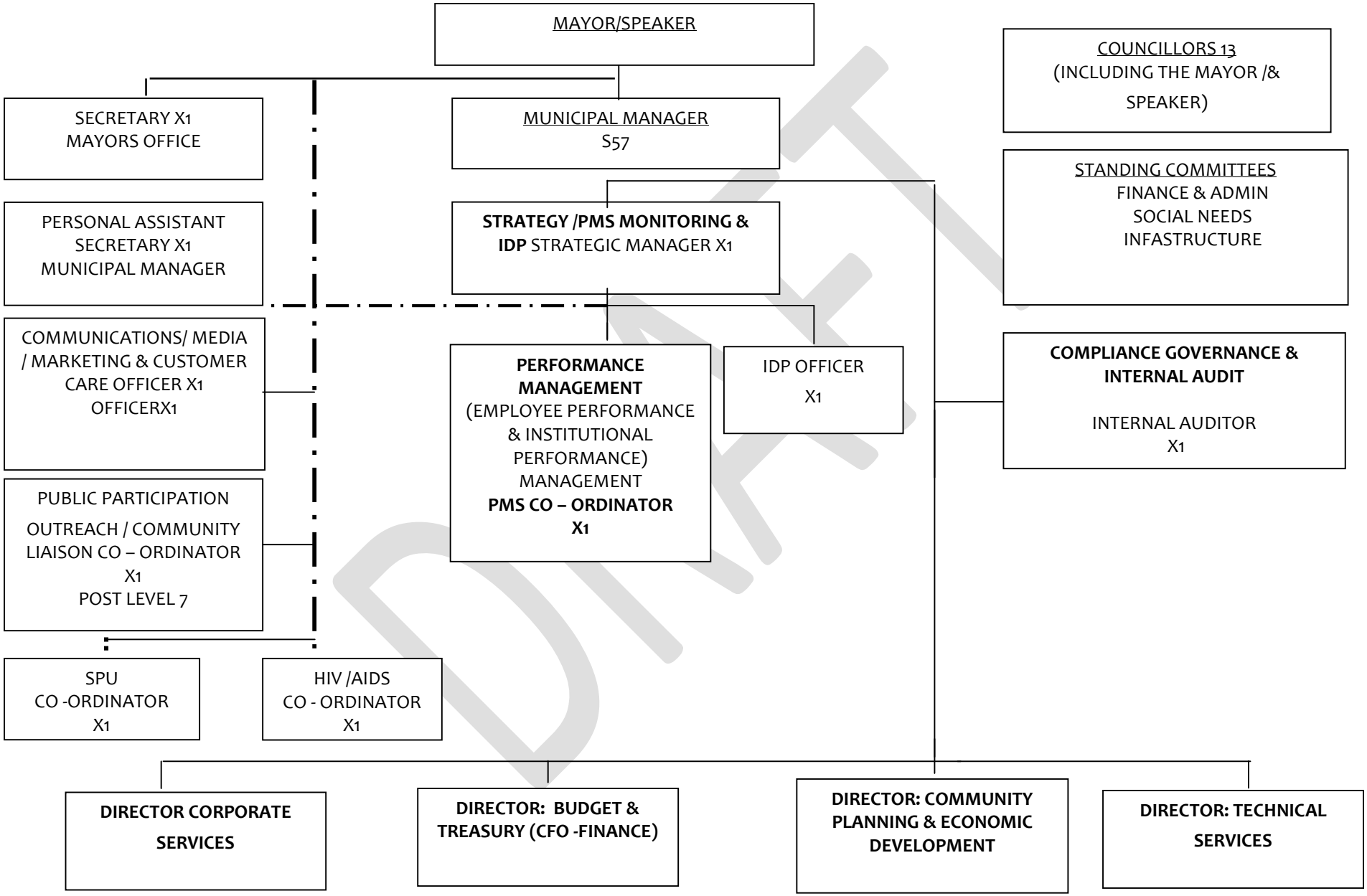
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ORGANIZATION & ESTABLISHMENT

DRAFT

A
OFFICE OF THE MUNICIPAL MANAGER

DRAFT


MAYOR/SPEAKER
COUNCILLORS 13
(INCLUDING THE MAYOR /&
SPEAKER)
SECRETARY X1
MAYORS OFFICE
MUNICIPAL MANAGER
S57
STANDING COMMITTEES
FINANCE & ADMIN
SOCIAL NEEDS
INFASTRUCTURE
PERSONAL ASSISTANT
SECRETARY X1
MUNICIPAL MANAGER
STRATEGY /PMS MONITORING &
IDP STRATEGIC MANAGER X1
COMMUNICATIONS/ MEDIA
/ MARKETING & CUSTOMER
CARE OFFICER X1
OFFICERX1
PERFORMANCE
MANAGEMENT
(EMPLOYEE PERFORMANCE
& INSTITUTIONAL
PERFORMANCE)
MANAGEMENT
PMS CO – ORDINATOR
X1
IDP OFFICER
X1
COMPLIANCE GOVERNANCE &
INTERNAL AUDIT
INTERNAL AUDITOR
X1
PUBLIC PARTICIPATION
OUTREACH / COMMUNITY
LIAISON CO – ORDINATOR
X1
POST LEVEL 7
SPU
CO -ORDINATOR
X1
HIV /AIDS
CO - ORDINATOR
X1
DIRECTOR CORPORATE
SERVICES
DIRECTOR: BUDGET &
TREASURY (CFO -FINANCE)
DIRECTOR: COMMUNITY
PLANNING & ECONOMIC
DEVELOPMENT
DIRECTOR: TECHNICAL
SERVICES

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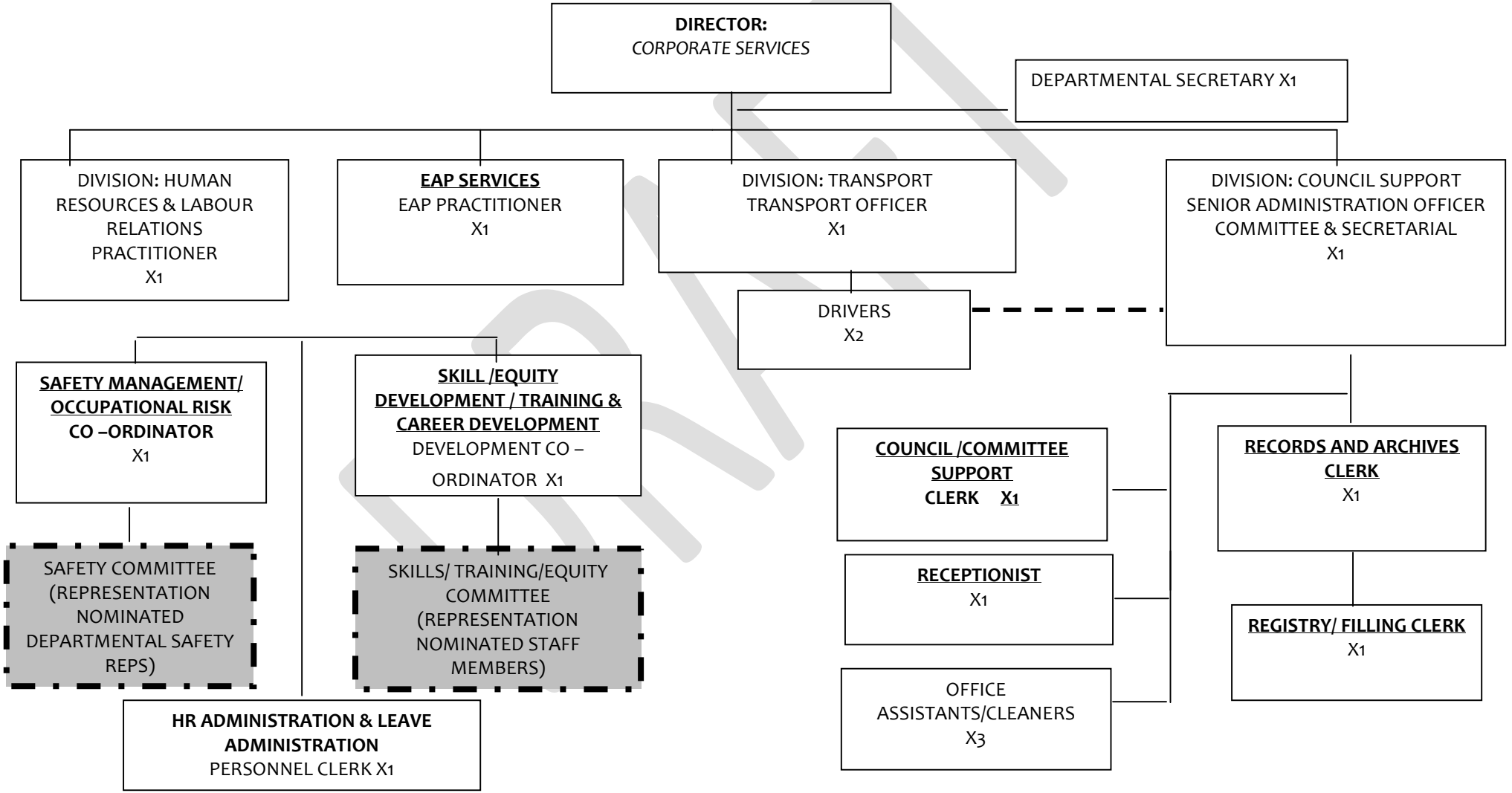
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DIRECTORATE: CORPORATE SERVICES

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- ORGANIZATION & ESTABLISHMENT

DIRECTOR: CORPORATE SERVICES



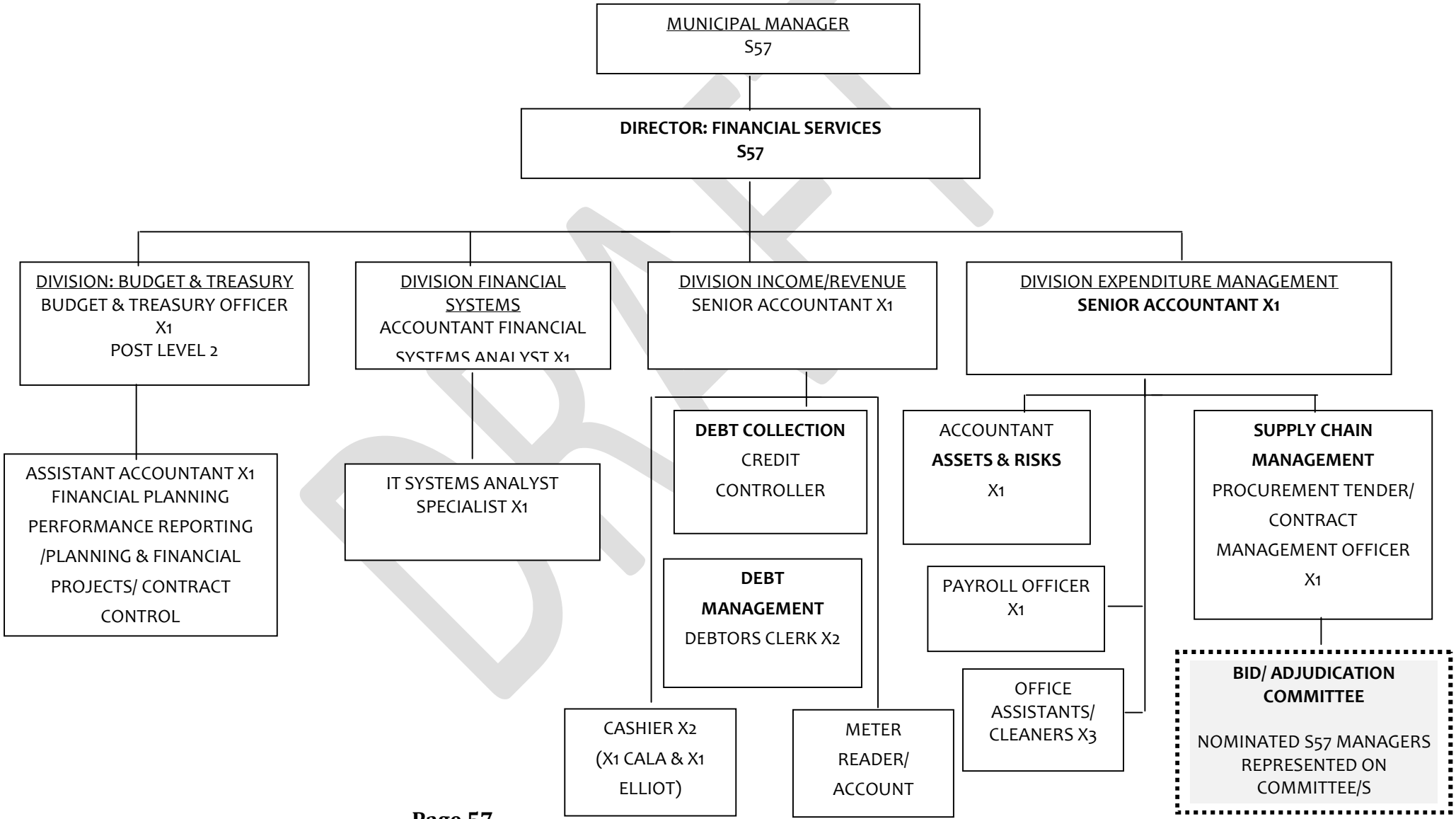
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DIRECTORATE: FINANCIAL SERVICES

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- ORGANIZATION & ESTABLISHMENT

DIRECTOR: FINANCIAL SERVICES



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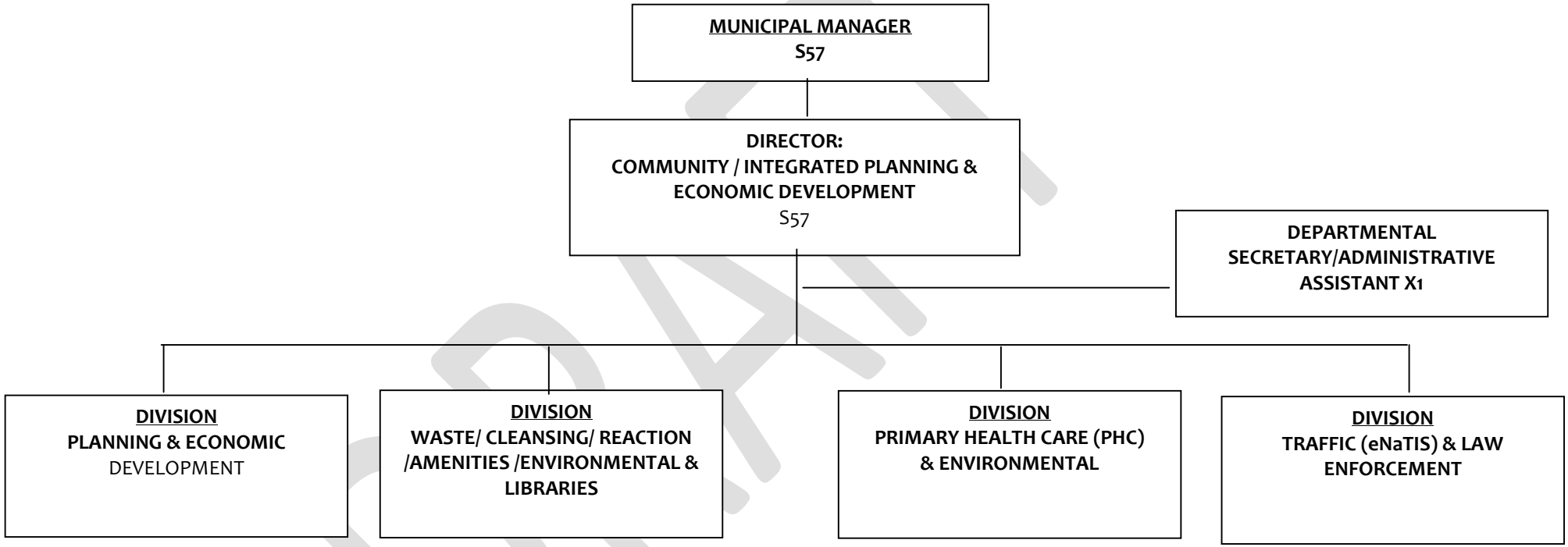
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DIRECTORATE: COMMUNITY/PLANNING & ECONOMIC DEVELOPMENT

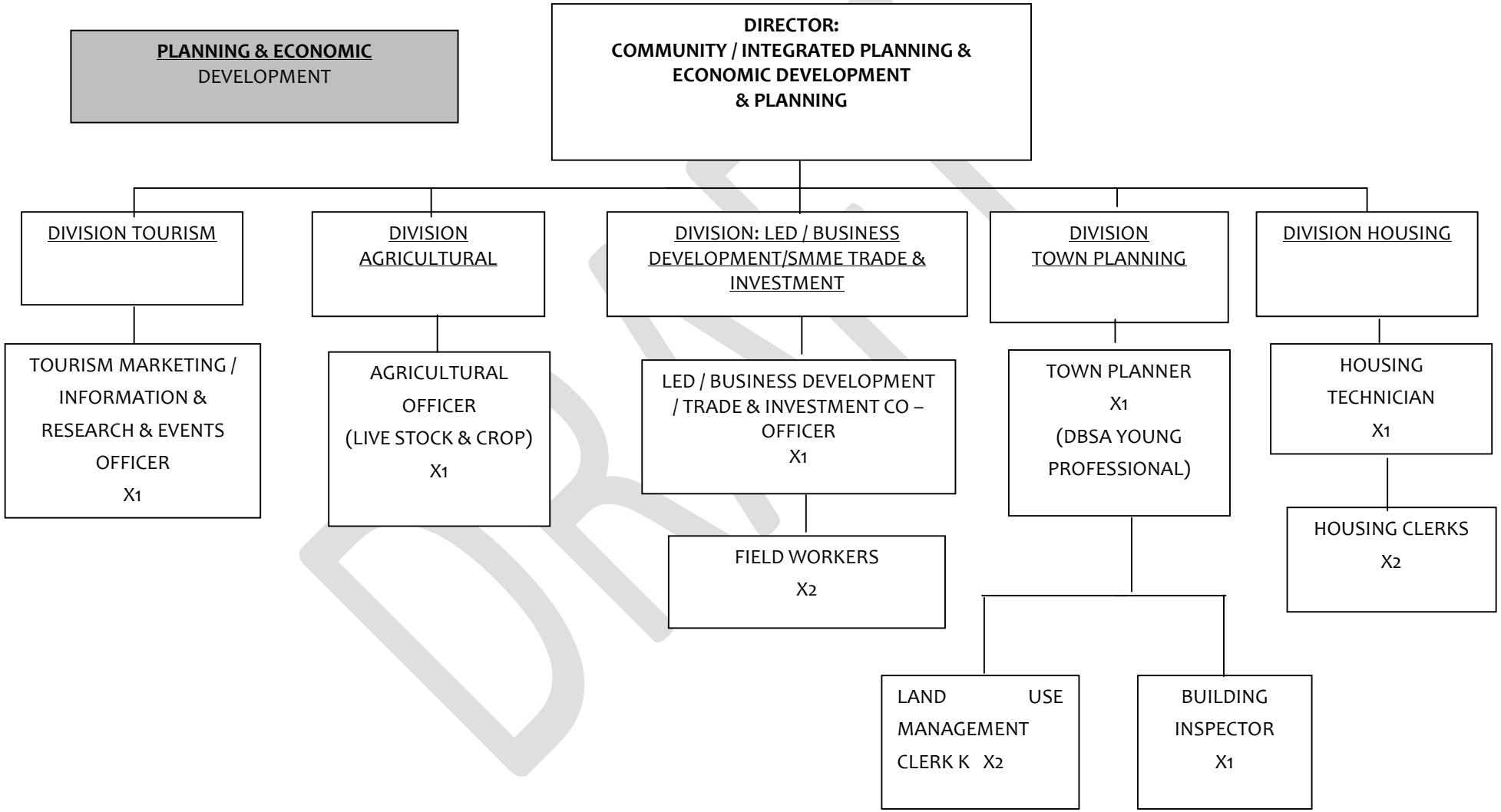
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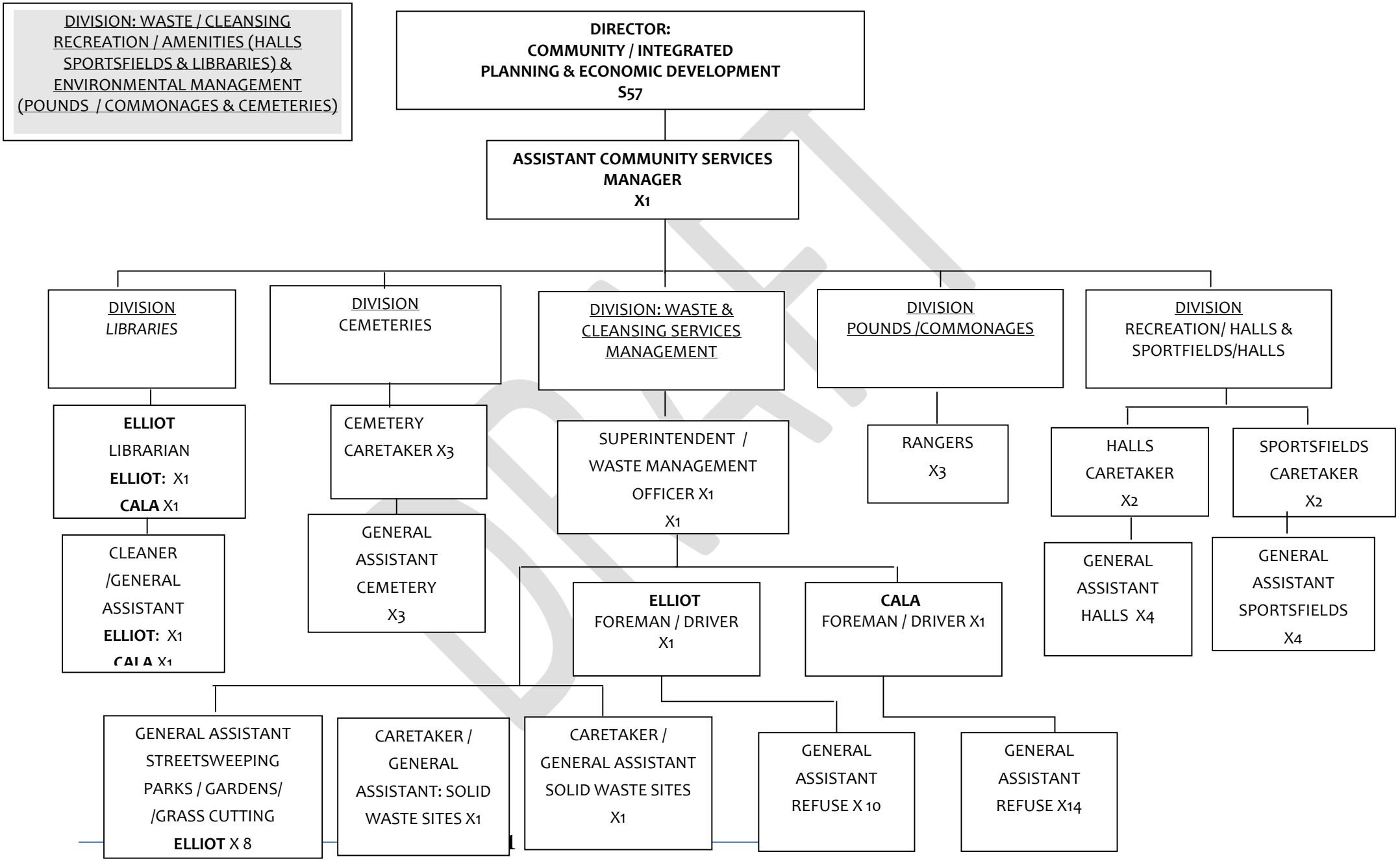
- ORGANIZATION & ESTABLISHMENT

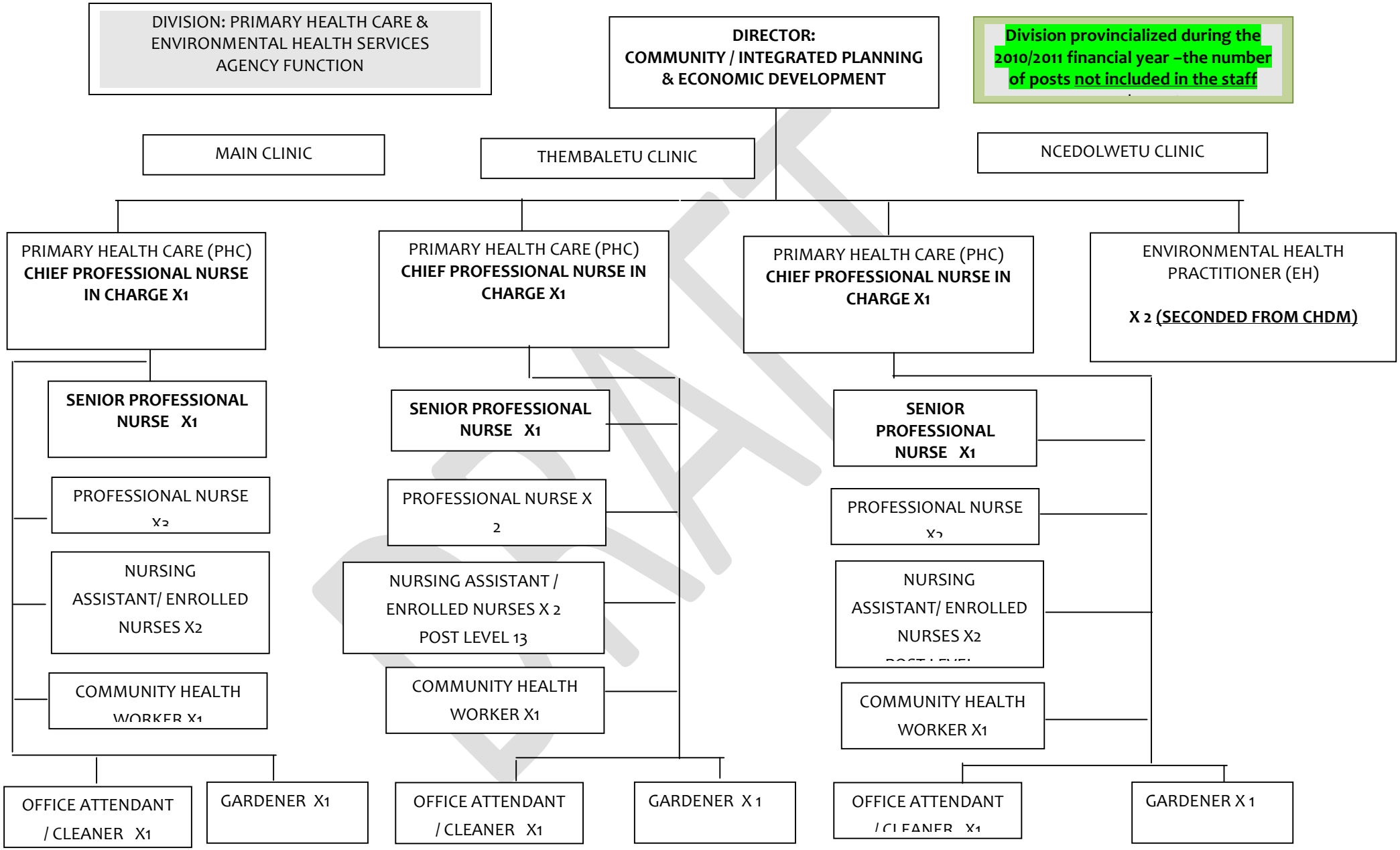
DIRECTOR: COMMUNITY / INTEGRATED PLANNING & ECONOMIC DEVELOPMENT



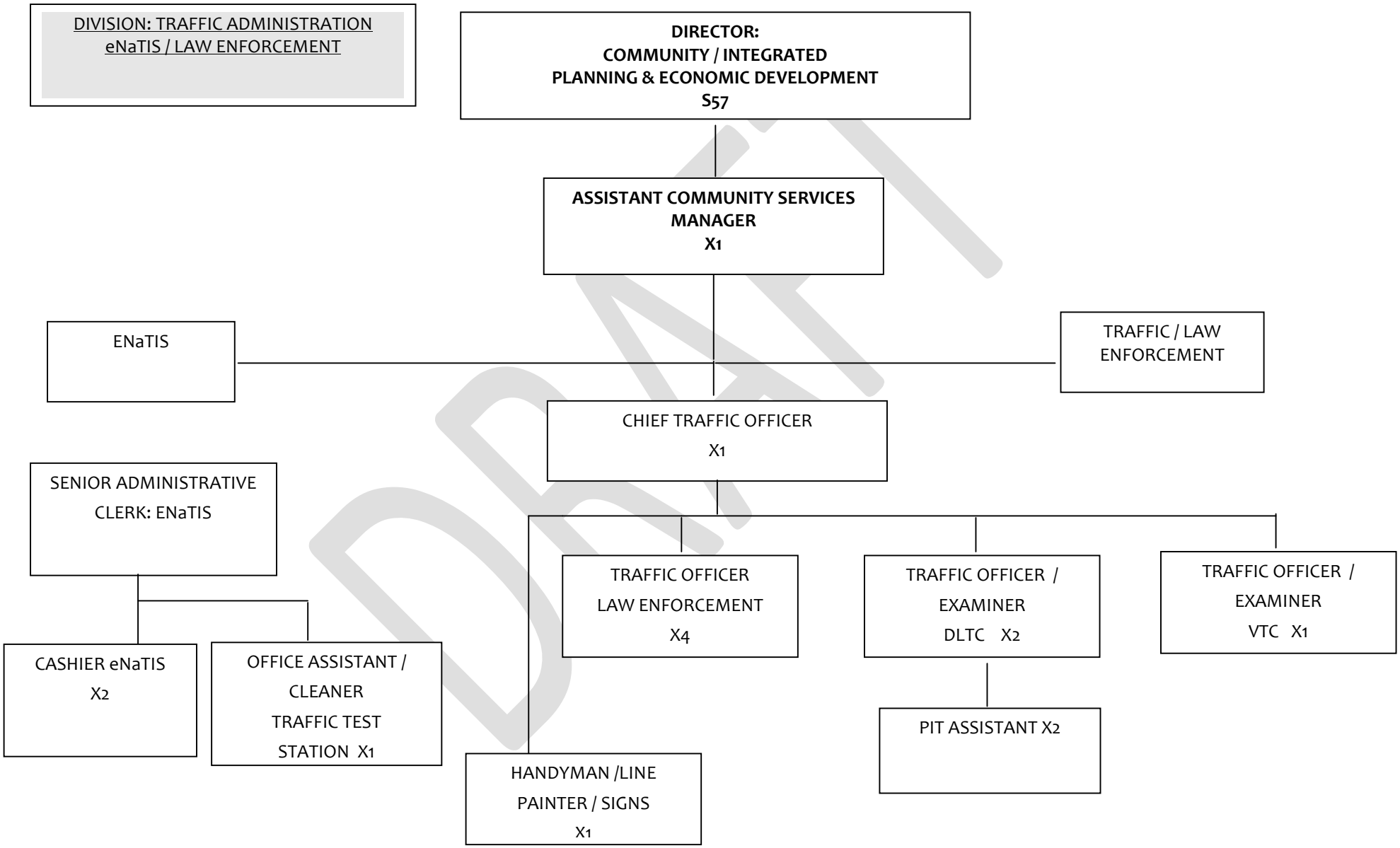
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PLANNING & ECONOMIC DEVELOPMENT
DIRECTOR: COMMUNITY / INTEGRATED PLANNING & ECONOMIC DEVELOPMENT & PLANNING
DIVISION TOURISM
DIVISION AGRICULTURAL
DIVISION: LED / BUSINESS DEVELOPMENT/SMME TRADE & INVESTMENT
DIVISION TOWN PLANNING
DIVISION HOUSING
TOURISM MARKETING / INFORMATION & RESEARCH & EVENTS OFFICER X1
AGRICULTURAL OFFICER (LIVE STOCK & CROP) X1
LED / BUSINESS DEVELOPMENT / TRADE & INVESTMENT CO – OFFICER X1
FIELD WORKERS X2
TOWN PLANNER X1 (DBSA YOUNG PROFESSIONAL)
HOUSING TECHNICIAN X1
HOUSING CLERKS X2
LAND USE MANAGEMENT CLERK K X2
BUILDING INSPECTOR X1


DIVISION: WASTE / CLEANSING
RECREATION / AMENITIES (HALLS
SPORTSFIELDS & LIBRARIES) &
ENVIRONMENTAL MANAGEMENT
(POUNDS / COMMONAGES & CEMETERIES)
DIRECTOR:
COMMUNITY / INTEGRATED
PLANNING & ECONOMIC DEVELOPMENT
S57
ASSISTANT COMMUNITY SERVICES
MANAGER
X1
DIVISION
LIBRARIES
DIVISION
CEMETERIES
DIVISION: WASTE &
CLEANSING SERVICES
MANAGEMENT
DIVISION
POUNDS /COMMONAGES
DIVISION
RECREATION/ HALLS &
SPORTFIELDS/HALLS
ELLIOT
LIBRARIAN
ELLIOT: X1
CALA X1
CLEANER
/GENERAL
ASSISTANT
ELLIOT: X1
CALA X1
CEMETERY
CARETAKER X3
GENERAL
ASSISTANT
CEMETERY
X3
SUPERINTENDENT /
WASTE MANAGEMENT
OFFICER X1
X1
RANGERS
X3
HALLS
CARETAKER
X2
GENERAL
ASSISTANT
HALLS X4
SPORTFIELDS
CARETAKER
X2
GENERAL
ASSISTANT
SPORTFIELDS
X4
ELLIOT
FOREMAN / DRIVER
X1
CALA
FOREMAN / DRIVER X1
GENERAL ASSISTANT
STREETSWEEPING
PARKS / GARDENS/
/GRASS CUTTING
ELLIOT X 8
CARETAKER /
GENERAL
ASSISTANT: SOLID
WASTE SITES X1
CARETAKER /
GENERAL ASSISTANT
SOLID WASTE SITES
X1
GENERAL
ASSISTANT
REFUSE X 10
GENERAL
ASSISTANT
REFUSE X14


DIVISION: PRIMARY HEALTH CARE & ENVIRONMENTAL HEALTH SERVICES AGENCY FUNCTION
DIRECTOR: COMMUNITY / INTEGRATED PLANNING & ECONOMIC DEVELOPMENT
Division provincialized during the 2010/2011 financial year –the number of posts not included in the staff
MAIN CLINIC
THEMBALETU CLINIC
NCEDOLWETU CLINIC
PRIMARY HEALTH CARE (PHC) CHIEF PROFESSIONAL NURSE IN CHARGE X1
PRIMARY HEALTH CARE (PHC) CHIEF PROFESSIONAL NURSE IN CHARGE X1
PRIMARY HEALTH CARE (PHC) CHIEF PROFESSIONAL NURSE IN CHARGE X1
ENVIRONMENTAL HEALTH PRACTITIONER (EH)
X 2 (SECONDED FROM CHDM)
SENIOR PROFESSIONAL NURSE X1
SENIOR PROFESSIONAL NURSE X1
SENIOR PROFESSIONAL NURSE X1
PROFESSIONAL NURSE X2
PROFESSIONAL NURSE X 2
PROFESSIONAL NURSE X2
NURSING ASSISTANT/ ENROLLED NURSES X2
NURSING ASSISTANT / ENROLLED NURSES X 2 POST LEVEL 13
NURSING ASSISTANT/ ENROLLED NURSES X2
COMMUNITY HEALTH WORKER X1
COMMUNITY HEALTH WORKER X1
COMMUNITY HEALTH WORKER X1
OFFICE ATTENDANT / CLEANER X1
GARDENER X1
OFFICE ATTENDANT / CLEANER X1
GARDENER X 1
OFFICE ATTENDANT / CLEANER X1
GARDENER X 1

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DIVISION: TRAFFIC ADMINISTRATION
eNaTIS / LAW ENFORCEMENT
DIRECTOR:
COMMUNITY / INTEGRATED
PLANNING & ECONOMIC DEVELOPMENT
S57
ASSISTANT COMMUNITY SERVICES
MANAGER
X1
ENaTIS
TRAFFIC / LAW
ENFORCEMENT
CHIEF TRAFFIC OFFICER
X1
SENIOR ADMINISTRATIVE
CLERK: ENaTIS
CASHIER eNaTIS
X2
OFFICE ASSISTANT /
CLEANER
TRAFFIC TEST
STATION X1
HANDYMAN /LINE
PAINTER / SIGNS
X1
TRAFFIC OFFICER
LAW ENFORCEMENT
X4
TRAFFIC OFFICER /
EXAMINER
DLTC X2
PIT ASSISTANT X2
TRAFFIC OFFICER /
EXAMINER
VTC X1

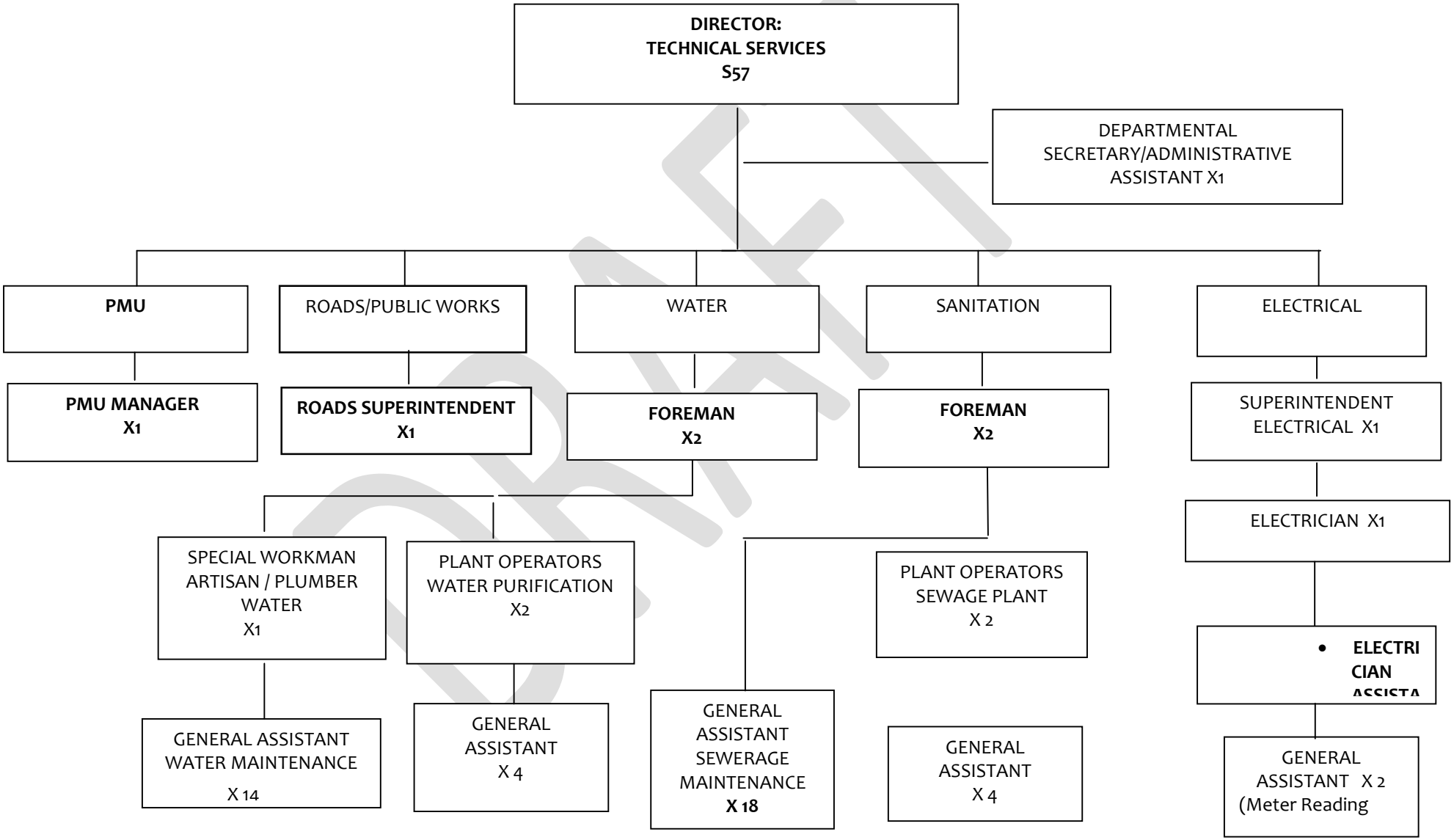
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E

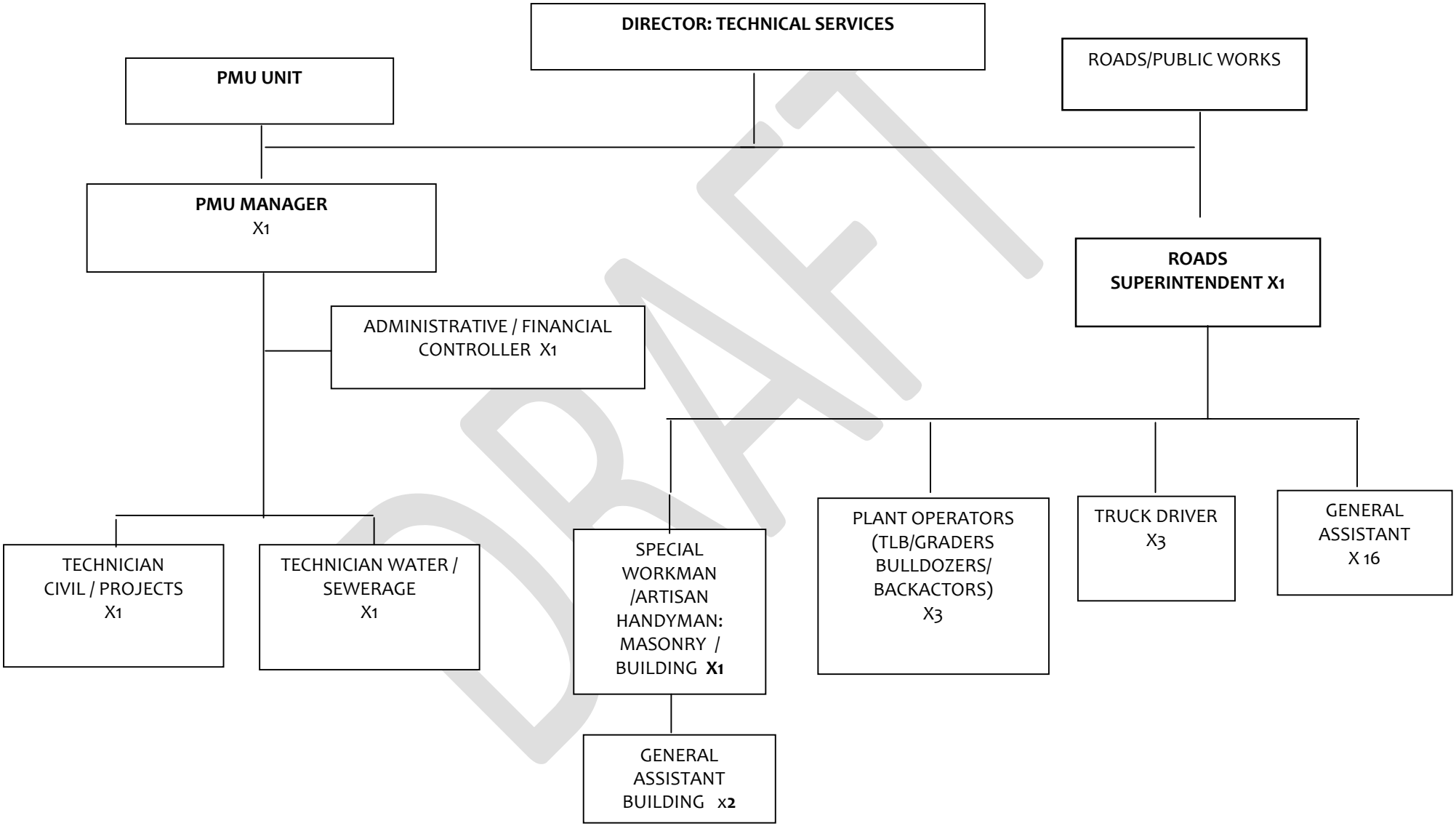
DIRECTORATE: TECHNICAL SERVICES

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ORGANIZATION & ESTABLISHMENT
DIRECTOR: TECHNICAL SERVICES



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DIRECTOR: TECHNICAL SERVICES
PMU UNIT
ROADS/PUBLIC WORKS
PMU MANAGER
X1
ROADS SUPERINTENDENT X1
ADMINISTRATIVE / FINANCIAL CONTROLLER X1
TECHNICIAN CIVIL / PROJECTS X1
TECHNICIAN WATER / SEWERAGE X1
SPECIAL WORKMAN /ARTISAN HANDYMAN: MASONRY / BUILDING X1
PLANT OPERATORS (TLB/GRADERS BULLDOZERS/ BACKACTORS) X3
TRUCK DRIVER X3
GENERAL ASSISTANT X 16
GENERAL ASSISTANT BUILDING x2

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CHAPTER 2

PERFORMANCE HIGHLIGHTS BASIC SERVICE DELIVERY

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2.1 Water Services

2.1.1 Water Services Delivery Strategy and Main Role-players:

Sakhisizwe Municipality is regarded as the Water Services Provider which contracts with the Chris Hani District Municipality (as the Water Services Authority) to undertake the provision of water supply and sanitation – to some 53 226 people resident in this local municipality. About 39% of the people are urbanised, while 61% live in the rural areas.

In considering the challenges faced by staff, management and stakeholders) it must be noted that within the northern half of Sakhisizwe – (centred around Elliot) the majority of freehold farms exist, while the southern half is centred around Cala and consists of tribal land. The economic activity within the whole Municipal region is limited, particularly in the south.

The water services backlog in Sakhisizwe LM is 23% for water supply and 71% for sanitation.

In order to ensure the provisioning of potable water, the following activities are required to be performed:

- Pumping of raw water
- Treatment of water
    - Purchasing of water treatment chemicals
    - Purchasing of filter sand
    - Repairs to all pumps
    - Operation of water treatment works
- Repairs to pipe leakages (bulk and internal reticulation), and
- Operational monitoring of water treatment works with regard to water quality

The main players and their roles in water services provision include:-

1. **Technical Service Manager (Sakhisizwe Municipality)**

- Management and monitoring of WSP functions with reference to service level agreement (SLA).
- Technical support to the WSP working team with regard to operation and maintenance of water & sanitation infrastructure

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- Approval of orders for purchasing of O&M materials and equipment and all other water services expenses
- Water services budgeting inputs
- Management of ring-fenced water services budget

2. **WSP Area Manager (CHDM)**

- Management and monitoring of WSP functions with reference to service level agreement (SLA).
- Technical support to the WSP working team with regard to operation and maintenance of water & sanitation infrastructure
- Management of ring-fenced water services budget
- Management of water service staff
- Monthly and ad hoc reporting

3. **Senior Finance Controller (CHDM)**

- Monitoring and controlling of water services budget and cash flow
- Monthly updates of cash flow to the WSP Manager
- Water services budgeting
- Asset management

4. **Technician Civil Engineering (CHDM)**

- Management of the DWA transferred staff
- Technical support to the WSP working team with regard to operation and maintenance of water & sanitation infrastructure
- Monitoring of day to day water and waste water treatment works performance
- Monitoring and Management of water services stores
- Materials and equipment procurement

5. **Technician Operation & Maintenance (Electro/mechanical) x2 (CHDM)**

- Technical support to the WSP working team with regard to operation and maintenance of water & sanitation electro/mechanical components

- Servicing of rural diesel driven and electrical water supply engine/pumps
- Servicing of water and waste water treatment works electro/mechanical components
- Routine maintenance of rural water supply engine/pumps
- Materials and equipment procurement

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6. **Environmental and Water Quality Technician (CHDM)**

- Operational monitoring of water and waste water treatment working with regard to water quality
- Day to day sampling and analysis of final water and final effluent from all the water & waste water treatment works respectively
- Materials and equipment procurement

7. **Customer Care Practitioner (CHDM)**

- Water conservation and demand management
- Drinking water awareness to the communities
- Meetings with community service providers
- Formulating and keeping complaints register
- Payment compilation for community service providers

There are two (2) artisan foremen who have been transferred from the Department of Water Affairs and with three (3) general workers, responsible for operations and maintenance of rural water schemes.

2.1.2 Levels and Standards in Water Services

In terms of levels of standards of water services it must be noted that Sakhisizwe Municipality faces a number of challenges. Not only is acknowledged that those in the rural areas have low levels of access to water, but in many instances, the water is of a low standard.

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2.1.3 Annual Performance as per Key Performance Indicators in Water Services

Indicator Name	Total Number of household/ customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the Financial Year under review (actual numbers)	Numbers of Households/ customers reached during the Financial Year	Percentage of achievement during the year
1 Percentage of households with access to potable water	100%	6 720	6 720	90%	90%
2 Percentage of indigent households with access to free basic potable water	50%	49 280	49 280	12%	25%
3 Percentage of clinics with access to potable water	70%	20	20	20%	30%
4 Percentage of schools with access to potable water	50%	50	50	30%	30%

2.1.4 Major challenges in water services and remedial actions

Major challenges are reflected as follows:

- In terms of process control, there are no qualified process controllers in any of the three (3) WTW's. This is due to the fact that the municipality is using general workers for this water quality related operation.

As a direct result, there is therefore an essential need to employ qualified and classified process controllers for the class (class D) WTW's. The current operators (in the form of general workers) have limited capacity and training potential is a challenge at times, as they do not possess formal educational qualifications. Additionally many are close to retirement.

A total number of twelve (12) process controllers are required to be employed, i.e. four (4) for each of the three (3) water treatment works.

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- Currently, the Cala raw water storage (for Cala WTW) stands at approximately 45%. Half of this is silt/sand. In order to rectify this situation it is required that a de-silt process is undertaken to increase the dam by 100% in capacity. This would then serve to accommodate current and future housing developments which were not catered for previously.

- Currently the Thompson Dam Raw Storage for Elliot WTW is about 55% and half of that is silt/sand. There is an essential need to de-silt this dam.

2.2 Electricity Services

2.2.1 Electricity Services Delivery Strategy and Main Role-players

It must be noted that most of the electricity services in Sakhisizwe Local Municipality are undertaken by Eskom. There are only three areas which are licensed to be undertaken by Sakhisizwe's operating licence from the NERSA. These are: Elliot Town, Takalani Township and Hillview Township. These all share an energy power of 2, 5 KW per month which is monitored by Eskom.

2.2.2 Level of standards in Electricity Services

Currently, the Sakhisizwe Municipality electricity nodes are sitting at 90% (high quality). The remaining 10% which includes areas such as Phindela, Lower Lanaganci, Mthingwevu Farms, Mnxe Extensions and Mchewula Administrative Area all appear in the IDP 2011/2012 for implementation by both Sakhisizwe LM as well as Eskom roll out plan.

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Projects which are currently undertaken

Ward Number	Area in a Ward	Project Description	Year	Contract Budget -R-
1	Elliot Town	Bulk Electricity Infrastructure Phase 2	2009/2010	4 000 000.00
1	Takalani Township and Hillview	Household connections with two High mast street lightning	2010/2011	3 870 000.00
9	Lower Langanci	Construction of Bulk MV line Phase 1	2010/2011	1 300 000.00
9	Lower Langanci	Household connections to Lower Langanci sub-villages	2011/2012	4000 000.00

2.2.3 Annual performance as per Key Performance Indicators in Electricity Services

Indicator Name	Total Number of household/ customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the Financial Year under review (actual numbers)	Numbers of Households/ customers reached during the Financial Year	Percentage of achievement during the year
1 Percentage of households with access to electricity services	48600	4500	2000	12000	7.4%
2. Percentage of indigent households with access to basic electricity services	43000	40000	48000	43000	80%
3 Percentage of indigent households with access to free alternative energy sources	0%	0%	0%	0%	0%

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2.2.4 Major Challenges in Electricity Services and Remedial Actions

A number of challenges in respect of electricity services are experienced. In areas where the municipality is supplying electricity, the following challenges are experienced:

- Insufficient maintenance budget
- Human resource constraints which make it difficult to reach communities during outages, as only one senior electrician is on the municipal payroll.
- A lack of adequate equipment to carry out the work (cherry picker truck) for the maintenance of high mast street lightning and high rise buildings.
- Protective equipment during bad weather and insufficient vehicles to carry out work.

It is clear that to resolve these issues is going to require adequate funding and plans must be made to address this deficiency moving forward.

With the difficulties experienced with the limited revenue base this poses a real challenge and other means are to be considered to obtain additional infrastructure capital.

2.3 Sanitation

2.3.1 Sanitation Services Delivery Strategy and Main Role-Players

Sakhisizwe Municipality functions as the Water Services Provider, and is appointed by the Water Services Authority (CHDM) to provide a sanitation service to 53 226 residents in both rural and urban areas. Currently the backlog is experienced as 30%.

The main role players are reflected as follows:

1) Technical Services Manager

Responsibilities include:

- Management and monitoring of WSP functions with reference to service level agreements (SLA).
- Technical support; provision to the WSP working team with regard to operation and maintenance of water and sanitation infrastructure.
- Approval of orders for purchasing of O&M materials and equipment and all other water services expenses;
- Water services budget inputs; and
- Management of ring-fenced water services budget.

2) WSP Area Manager

Responsibilities include:

- Management and monitoring of WSP functions with reference to service level agreements (SLA);

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- Technical support to the WSP working team with regard to operation and maintenance of water and sanitation infrastructure;
- Approval of orders for purchasing of O&M materials and equipment and all other water services expenses;
- Management of ring-fenced water services budget; and
- Monthly and ad hoc reporting

3) Senior Finance Controller

Responsibilities include:

- Monitoring and controlling of water and sanitation services budget and cash flow;
- Monthly updates of cash flow to the WSP Manager;
- Water and sanitation services budget; and
- Asset Management

4) Technician Civil Engineering

Responsibilities include:

- Management of the DWAF transferred staff;
- Technical support to the WSP working team with regard to operations and maintenance of water and sanitation infrastructure;
- Monitoring of day-to-day water and waste water treatment works performance;
- Monitoring and management of water services stores; and
- Materials and equipment procurement

5) Technician Operation and maintenance (Electro/mechanical)X 2

Responsibilities include:

- Technical support to the WSP working team with regard to operations and maintenance of water and sanitation infrastructure;
- Servicing of rural diesel and electrical water supply engine pumps;
- Servicing of water and waste water treatment works electro/mechanical components;
- Routine maintenance of rural water supply engine pumps; and
- Materials and equipment procurement.

6) Environmental and water quality Technician

Responsibilities include:

- Operational monitoring of water waste treatment working with regard to water quality;

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- Day to day sampling and analysis of final water and final effluent from all the water and waste water treatment works respectively; and
- Materials and equipment procurement.

7) Customer Care Practitioner

Responsibilities include:

- Water conservation and demand management;
- Drinking water awareness campaigns and education to the communities;
- Meetings with community service providers;
- Formulating and keeping complaints register; and
- Payment compilation for community services providers.

2.3.2 Level and Standards in Sanitation Services

Overall, low levels of access to sanitation services are experienced and this is reflected in the table that follows with 35% sanitation service provision to households/customers and only 12% of the indigent population being reached.

Additionally, the quality of sanitation provision is poor in most areas. Only a few sections of Cala town are serviced by bulk sewer lines and the waste water treatment works in Cala and Elliot have only a small capacity.

2.3.3 Annual Performance as per Key Performance Indicators in Sanitation Services

Indicator Name	Total Number of household/ customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the Financial Year under review (actual numbers)	Numbers of Households/ customers reached during the Financial Year	% of achievement during the year
1 Percentage of households with access to sanitation services	65%	23 660	23 660	35%	35%
2. Percentage of indigent households with access to basic sanitation services	50%	49 280	49 280	12%	12%
3 Percentage of clinics with access to sanitation services	70%	20	20	20	30%

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Indicator Name	Total Number of household/ customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the Financial Year under review (actual numbers)	Numbers of Households/ customers reached during the Financial Year	% of achievement during the year
4 Percentage of schools with access to sanitation services	50%	50	50	50	50%

2.3.4 Major Challenges in Sanitation Services and Remedial Actions

A number of challenges are experienced in respect of this function. These are reflected as follows:

- The Small capacity of both waste water treatment works(Cala & Elliot) ;
- Municipality still has one sanitation supervisor for both towns which cannot be classified according to DWA (Department of Water Affairs) standards;
- Inadequate equipment is available to carry out duties as challenges arises (e.g., the need for a high pressure unblocker);
- Certain sections of Cala town still having to utilise VIP toilets, as only few households are connected to bulk connector sewer lines;
- Areas of the ward 7 still not having any sanitation, but cluster 4 sanitation project from CHDM is said to be underway;
- Capacitation of personnel and recruitment of qualified waste processors as per DWA standards still a challenge; and
- Areas such as Jonini, Ezintlantini which are informal settlements have been provided with temporal sanitation structures.

2.4 Road Maintenance

2.4.1 Road Maintenance Services Delivery Strategy and Main Role-players

It is the role of the municipality is to construct access roads in the rural areas, townships and urban areas within the municipal boundaries.

The roads and national roads are not regarded as functions of the municipality.

Road classification poses the greatest challenge. This has not been completed in most instances as required by Province and this has resulted in difficulties in determining whether the roads are a T road or a National Road.

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2.4.2 Level and Standards in Road Maintenance Services

2.4.3 Annual Performance as per Key Performance Indicators in Road Maintenance Services

Indicator Name	Total Number of household/ customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the Financial Year under review (actual numbers)	Numbers of Households/ customers reached during the Financial Year	% of achievement during the year
1 % of households without access to gravel or graded roads	95%	15 200	760	760	5%
2. % of road infrastructure requiring upgrade	200km	160km	80km	760	20%
3 % of planned new road infrastructure actually constructed	40%	40%	40%	40%	40%
4 % of capital budget reserved for road upgrading and maintenance effectively used	62%	62%	62%	62%	62%

2.4.4 Major Challenges in Road Maintenance Services and Remedial Actions

The major challenge faced as a municipality was the lack of plant and machinery as well as trained operators. The municipality has since purchased plant and machinery to the value of R 16 000 000.00, the following plant and machinery were acquired:

- Grader
- Bulldozer
- Excavator (20ton)
- Back actor/TLB
- Low back truck and trailer
- X2 ADT (Tipper Trucks
- X1 Water Cart

(Physical inspection can be done at any given time)

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2.5 Waste Management

a. Waste Management Service Delivery Strategy and its main role-players.

Waste management is a function that is handled in a number of ways:

- Litter and household waste/rubbish is collected regularly and taken to the waste management site.
- Waste is sorted at the waste management site and is sorted in respect of trading and processing of solid waste and organic waste.
- Service Providers have been appointed to develop a Waste Management Plan and to register two waste management sites in the MIG/MIS. It is the intention that these two waste sites would work independently of one another, due to the extreme distances between these two towns.

Currently it is noted that the solid waste sites of Elliot and Cala are not registered and this represent an illegal situation. In order to remedy this situation it is the intention to make application for a grant from MIG to address the state of these sites. It is the intention to complete the Waste Management Plan as part of this proposed project – thereby combining the project and its programme in totality.

b. Level and Standards in Waste Management Services

The level and standard of refuse collection and waste management has improved and contract workers have been employed in order to increase levels of human capacity to assist with this function.

Additionally, the extensions of Masibambane, Old Location and Polar Park in Elliot, were added to the service delivery area.

Improved service delivery in respect of refuse collection within the Central business District in Cala was enjoyed.

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c Annual Performance as per Key Performance Indicators in Waste Management Services

	Indicator Name	Total Number of household/ customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the Financial Year under review (actual numbers)	Numbers of Households/ customers reached during the Financial Year	% of achievement during the year
1	20 % of households without access to refuse removal services	100%	20%	10%	90%	90%

d. Major Challenges in Waste Management Services and Remedial Actions

A number of challenges exist in respect of waste management, and these are reflected as:

- The need for a refuse truck;
- The required rehabilitation of the solid waste sites; and
- The payment for services by the rate payers.

2.6 Housing and Town Planning

2.6.1 Housing and town planning services delivery strategy and main role-players

- The municipality has given its developmental role to the Department of Human Settlements due to a lack of human resource capacity;
- This project had capacity challenges due to the limitations in capacity of hired contractors;
- The project has now been approved and must begin;
- The municipality acts as a overseer of the project, due to the beneficiaries;
- 1070 outstanding houses are to be built; and
- This excludes the rural housing developments.

2.6.2 Level and Standards in Housing and Town Planning

It must be acknowledged at the outset that Sakhisizwe Municipality is not currently a developer on housing for every housing project. It is noted the Department of Housing fulfils the role of developer and the municipality is required to provide required land for each and every project.

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Projects currently reflect as an extension of an old project that began in 2003. 1015 houses have been built to date and in terms of project completion a main contractor has been appointed. The remaining houses that had been left unfinished by the main contractor were duly completed by the sub-contractor, under the supervision of the Department of Housing and Local Government.

Overall it is fair to say that the level of town planning services is considered to be low. This may be directly attributed to the fact that town planning is not well known by the residents of Sakhisizwe Municipality and due to the fact that no Land Use Management System exists in the municipality. This has resulted in the town not being easily controlled or managed.

2.6.3 Annual performance as per key performance indicators in housing services)

	Indicator Name	Total Number of household/ customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the Financial Year under review (actual numbers)	Numbers of Households/ customers reached during the Financial Year	% of achievement during the year
1	% of households living in informal settlements	Unknown	Unknown	Unknown	Unknown	Unknown
2	Percentage of informal settlements that have been provided with basic services	Unknown	Unknown	Unknown	Unknown	Unknown
3	Percentage of households informal housing that conforms to the minimum building standards for residential houses	Unknown	Unknown	Unknown	Unknown	Unknown

	Indicator Name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
4	Number of job opportunities created through EPWP	No target set	163	100%
5	Number of job opportunities created through PPP	Nil	Nil	0%

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EPWP Job Opportunities Created

EPWP PAYMENTS FOR WARDS 2010/2011					
Ward	**Month**	**No of jobs created**	**Rate**	**Amount Per Ward**	**Total For The Whole Period**
1	April	14	67.00	68 340.00	
	May	14	67.00	19 095.00	
	June	14	67.00	19 698.00	
	July	14	67.00	15 008.00	
					122 141.00
2	April	10	67.00	13 400.00	
	May	10	67.00	12 730.00	
	June	10	67.00	13 400.00	
	July	10	67.00	10 720.00	
					50 250.00
3	April	11	67.00	10 251.00	
	May	11	67.00	15 142.00	
	June	11	67.00	14 740.00	
	July	10	67.00	10 720.00	
					50 853.00
5	April	10	67.00	9 112.00	
	May	10	67.00	13 400.00	
	June	10	67.00	12 864.00	
	July	10	67.00	10 452.00	
					45 828.00
6	April	10	67.00	11 390.00	
	May	10	67.00	12 730.00	
	June	10	67.00	13 400.00	
	July	10	67.00	10 720.00	
					48 240.00
7	April	10	67.00	11 390.00	
	May	10	67.00	12 730.00	
	June	10	67.00	13 400.00	
	July	10	67.00	10 720.00	
					48 240.00
				TOTAL	**365 552.00**

The following issues relating to the above table are reflected as follows:

- The Taxi Rank Project was able to begin and progress due to savings on the MIG Roads projects and a change on the capital MTERF (by bringing forward the approved Phase 2 of the project in order to achieve project completion and meet the approved tender).

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- The Roads & Storm Water Project and the Roads & Storm Water (Phase 4) project could only be implemented after the budget adjustment, as the funding allocated was required to be used on projects completion from the previous year .This did not in fact occur due to poor performance and the contracts finished in the current financial year, thereby utilizing the allocated funding and this resulted in the delay in the current year. This was required to be done in terms of s1 &s19 of the MFMA.

The table below reflects the future planned projects. It should however be noted that these issues are evaluated yearly and may change depending on circumstances.

NOTE: Some community services projects appear on the above list due to the fact that they are funded by the Municipal Infrastructure Grant (MIG).

Projects need to be re-evaluated ongoing with regards to costing, due to escalations in price for various reasons.

2.6.4 Major Challenges in housing and town planning services and remedial actions

A number of challenges exist and these are reflected on as follows:

- This project was initiated a number of years previously and consequently these beneficiaries are no longer easy to locate (having left the area in search of employment opportunities elsewhere).

In an attempt to remedy this situation a temporary allocation of houses to people who appear on the waiting list has been effected in an effort to save these houses from being vandalized.

It is noted that should beneficiaries fail to avail themselves within a period of 10 years of initial allocation; a permanent allocation will be made.

2.7 Spatial Planning

2.7.1. Preparation and approval of SDF

The Spatial Development Framework (SDF) of Sakhisizwe Municipality was developed by Umhlaba Consulting.

During February 2006 the SDF was approved for proclamation.

The main strategy to be adopted for spatial planning is to develop effective and uniform Land Use Management Systems. The Sakhisizwe SDF was reviewed and the gaps within this were identified as early as 2006.
The SDF Review is prioritized and listed as the IDP 2009/10-2010/11 Project.

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The proposal for the review of the SDF for Cala and Elliot reflect the following issues:

- The SDF for Cala and Elliot will outline the key spatial issues, objectives and strategies, while taking into account the legislative framework that guides the growth and development plan within the Sakhisizwe area.

Note: The SDF is a key element in the development processes applicable to different sectors.

2.7.2 Land Use Management

Within the absence of a Land Use Management Plan it is noted that all applications for land use management are dealt with in the order received:

- Rezoning
- Subdivision
- Consent Use
- Removal of Restrictive Conditions
- Township establishment

Annual performance as per key performance indicators in housing and in town planning services

	Indicator Name	Total Number of household/ customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the Financial Year under review (actual numbers)	Numbers of Households/ customers reached during the Financial Year	% of achievement during the year
1	10 % of households living in informal settlements	Unknown	Unknown	Unknown	Unknown	Unknown
2	Percentage of informal settlements that have been provided with basic services	Unknown	Unknown	Unknown	Unknown	Unknown
3	Percentage of households informal housing that conforms to the minimum building standards for residential houses	Unknown	Unknown	Unknown	Unknown	Unknown

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Building and zoning plans 2010/2011

Applications outstanding 1 July 2010	Category	Number of new applications received 2010/2011	Total value of applications received Rand	Applications outstanding 30 June 2011
	Residential new			4250
	Residential additions			
	Commercial			
	Industrial			
	Other (specify)			

2.7.3 Major Challenges in Spatial Planning Services and Remedial Actions

It is noted that the SDF is a reflection of what the municipality should appear as in the future (as a municipal area).

The SDF is required to act as a decision-making tool, which would ensure that land use management and land development is based on the principle of sustainable development decisions and practices.

In an effort to respond to specific trends and dynamics a direct investment was made to the areas of greatest potential. The areas of greatest need are to be targeted in order to alleviate poverty and to promote economic growth.

Every effort is required to be made in order to stimulate effective and sustainable integrated development and also to protect the natural systems and Sakhisizwe Municipality.

A number of major challenges continue to be experienced and these are reflected as follows:

- Non availability of the Town Planning Budget;
- Non-compliance of citizens to Town planning legislations and procedures;
- The lack of proper stormwater drainage systems (WMP not in place); and
- Non-registration of property ownership (resulting in financial loss to the municipality)

In order to remedy these challenges, the following activities are proposed:

- The review of the SDF
- The development and approval of a Land Use Management System.

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- The local municipality to take ownership of environmental management plans and waste management as opposed to the District Municipality.
- Enforcement of land use planning legislations and procedures; and
- The Land Audit having been planned and conducted in order to verify municipal properties

DISCLAIMER: Huge challenges have been experienced in attempting to report on service delivery in respect of data that is accurate and verifiable.

Where information is provided it is acknowledged that data integrity is an issue due to the absence of reliable statistics

Additional challenges have been created by the information required in terms of national reporting and currently this reporting is not possible, as baseline and current statistics are not available. Measurement of these backlogs has never been completed or measured to the same degree. Areas where no information could be provided but where it is required in terms of reporting prescriptions has been left blank in the hope that these areas will be measured and results factored back into this draft.

2.8 Indigent Policy Implementation

2.8.1 Preparation and approval process of the Indigent Policy

s74 of the Municipal Systems Act, requires that Council adopt and implement a Tariff Policy that would take into account the extent of subsidization of tariffs for poor households. In view of this Sakhisizwe Municipality has developed and approved a Free Basic Services and Indigent Subsidy Support Policy which is reviewed annually on-going. Implementation ensures that:

- Basic Services are provided to the community in a sustainable manner within the financial and administrative capacity of Council;
- Procedures and guidelines are developed in order to provide direction on the manner in which basic service charges to indigent households will be subsidized.

2.8.2 Implementation of the policy

All households who qualify for the Indigent Subsidy are encouraged to register on the Indigent Database Register. Once this data is verified those qualifying households will receive the benefits associated with these subsidies.

One of the greatest challenges relates to the maintenance and monthly update of this register and ensuring that the data captured remains valid and up to date. Verification will always be an issue and reliance is placed on the householder to advise the

municipality of any changes to their qualifying status. This in turn calls the accuracy of the data into question.

It is suggested that some members of the community maybe disadvantaged through lack of knowledge surrounding this subsidy and as a result have not registered or benefitted from it (due in part to the extensive rural nature of the area and the rather large geographical spread).

Data cleansing and verification remains a constant challenge.

2.9 Overall service delivery backlogs

Own Powers & Functions and areas of jurisdiction

Connections are done on application. Water and sewerage performed for operation & maintenance only.

Basic Service Delivery Area **WSA & Eskom**		**30 June 2010**		**30 June 2011**		
Water backlogs (6KL/month)	**Required**	**Budgeted**	**Actual**	**Required**	**Budgeted**	**Actual**
Backlogs to be eliminated (No. HH not receiving the minimum standard service)	WSA (13 869)	WSA	WSA	WSA	WSA	WSA
Backlogs to be eliminated (% total household identified as backlog/total number households in the municipality	WSA(13 869)	WSA	WSA	WSA	WSA	WSA
Spending on new infrastructure to eliminate backlog (R000)	WSA (68%)	WSA	WSA	WSA	WSA	WSA
Total spending to eliminate backlogs (R000)	WSA	WSA	WSA	WSA	WSA	WSA
Spending on maintenance to ensure no new backlogs (R000)	7 500(Urban) WSA (Rural)	6 595 (Urban) WSA (Rural)	4 893 (Urban) WSA (Rural)	7 700 Urban) WSA (Rural)	7 595 (Urban) WSA (Rural)	6 415 (Urban) WSA (Rural)

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Electricity backlogs (50KWH/Month)	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlogs to be eliminated (No. Households not receiving the minimum standard service	0 (Urban) Eskom Rural (Estimated at 12 000)	0 4 570(Rural)	0	0	0 4 570(Rural)	0
Backlogs to be eliminated (% total households identified as backlog/total number of households in the municipality)	12% (Rural)	0	0	0	0	0
Spending on new infrastructure to eliminate backlogs (R000)	0	0	0	0	0	0
Spending on renewal of existing infrastructure to eliminate backlog (R000)	12 000 (Urban)	5 060 (Urban)	1 511 (Urban)	27 000 (Urban)	4 100 (Urban)	4 355 (Urban)
Total spending to eliminate backlogs (R000)	0	0	0	0	0	0
Spending on maintenance to ensure no new backlogs (R000)	25 000 (Urban)	16 584 (Urban)	16 627 (Urban)	25 000 (Urban)	22 523 (Urban)	18 887 (Urban)
Sanitation backlogs	**Required**	**Budgeted**	**Actual**	**Required**	**Budgeted**	**Actual**
Backlogs to be eliminated (No. Households not receiving the minimum standard service)	WSA	WSA	WSA	WSA	WSA	WSA
Backlogs to be eliminated (% total households identified as backlog/total number of households in the municipality	WSA	WSA	WSA	WSA	WSA	WSA
Spending on new infrastructure to eliminate	WSA	WSA	WSA	WSA	WSA	WSA

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backlogs (R000)						
Sanitation backlogs cont	Required	Budgeted	Actual	Required	Budgeted	Actual
Spending on renewal of existing infrastructure to eliminate backlog (R000)	WSA	WSA	WSA	WSA	WSA	WSA
Total spending to eliminate backlogs	WSA	WSA	WSA	WSA	WSA	WSA
Spending on maintenance to ensure no new backlogs (R000)	7 500 (Urban) WSA (Rural)	7 152 (Urban) WSA (Rural)	6 053 (Urban) WSA (Rural)	8 500 (Urban) WSA (Rural)	8 479 (Urban) WSA (Rural)	7 569
Road Maintenance Backlogs	**Required**	**Budgeted**	**Actual**	**Required**	**Budgeted**	**Actual**
Backlogs to be eliminated (no. households not receiving the minimum standard service)	34 384 H.H	1 700	1 700	32 684	2 000	2 664
Backlogs to be eliminated (% total households identified as backlog/total number of households in the municipality)	92%	5%	6%	87%	6%	8%
Spending on new infrastructure to eliminate backlogs (R000)	197 700	30 200	25 216	230 300	14 939	22 083
Spending on renewal of existing infrastructure to eliminate backlog (R000)	Estimated at R 55 000	0	0	58 000	0	0
Total spending to eliminate backlogs (R000)	197 700	38 808		230 300	39 733	14 939
Spending on maintenance to ensure no new backlogs (R000)	25 000	4 087	3 373	28 000	43 182	20 637

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10. Municipal Infrastructure Grant Expenditure for 2010/11 (Conditional)

Municipal Infrastructure Grant/Capital Projects – Managed by Chris Hani District Municipality (Water & Sanitation)

Project Name	Status	2010/11 Allocation	2011/12 Expenditure	Comments
Elliot Waste Water Treatment Works	Awarded but awaiting EIA Approval	10 500 000.00	214 048.77	Alternative site has been found for the new WWTW and we are waiting for the approval of environmental impact assessment. Anticipate construction to commence January 2011
Cluster 5 Sanitation (Wards 2,3,4,7 and Taleni)	Tender	6 000 000.00	248 000.00	Baseline survey is complete and groundwater protocol is in progress. Tender for consortium has closed on 23rd July 2010. Anticipate construction to commence on December 2010.
Cluster 4 water backlog (Seplan & Part Insika Yethu)	Part in construction and other on design and tender	3 500 000.00	582 169.00	MIG application has been submitted and waiting for approval form National. The construction of interim arrangement for Seplan Water Supply is in progress
Xalanga Ward 4 Water Supply	Original scope is complete an additional work waiting for specification committee	1 500 000.00	0.00	The contractor is currently complete with the snags. The draft tender document for the additional work (Phindela sub village at Xalanga which is adjacent to St Gagriels) has been submitted. Anticipate construction to commence by March 2011.
TOTAL SAKHISIZWE MUNICIPALITY		**21000.00**	**1 044 217.00**	**5%**

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A detailed account of the Municipal Infrastructure Grant Expenditure is detailed below as follows:

The Allocation for 2010/2011 Financial Year was R 11 166 000.00

5% of the PMU R 558 300.00
Balance R 10 607 700.00
Construction Amount R 8 070 092.00
Expenditure to Date R 8 070 092.00

CAPITAL PROJECT MEDIUM TERM EXPENDITURE FRAMEWORK – 2010/2011, 2011/2012 and 2012/2013
Completed and current projects are reflected as follows: example please complete with own info therein

CONTRACTORS MIG PROJECTS REPORT 2010/2011 FY							
PROJECT NAME	**CONSULTANT**	**CONTRACTOR**	**CONTRACT AMOUNT**	**EXPENDITURE TO DATE**	**STATUS**	**MIG REGISTRATION NUMBER**	**COMMENTS**
Cala Pass Community Hall	Maisha Development Engineers	Braine Wave Construction	R 1 492 592.70	R 1 492 592.70	100% Complete	MIG/EC1625/CF/09/10	Contract has be Terminated with the contractor
Mamfengwini to Qolombeni Access Road	Africa Dynamic Consultant	Amadwala Construction	R 2 649 174.00	R 2 649 174.00	Complete	MIG/R/EC/5053/08/09	Completed in April Retention
Manzimdaka Access Road	Mbesi Consulting	Lukhanji Construction	R 2 556 573.06	R 2 556 573.06	100% Complete	MIG/R/EC/5562/08/10	Completed in August
Ncaluka Access Road	Khulanathi Consultant	Langalethu Construction Qumbiso JV	R 1 371 752.24	R 1 371 752.24	100% Complete	MIG/EC1617/RST/08/09	Completed in June Retention
TOTAL CONTRACT AMOUNT			**R 8 070 092.00**				
TOTAL EXPENDITURE AMOUNT				**R 8 070 092.00**			
TOTAL BALANCE	**432 766.36**						

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PROJECT NUMBER	PROJECT NAME	CONTRACTOR	AMOUNT PAID	REASON
MIG/R/EC/2971/07/09	Manzimdaka Access Road	Mbesi Consultants	R 363 864.26	Business Plan & Project Monitoring
MIG/R/EC/1617/RST/08/09	Ncaluka Access Road	Khulanathi Consulting	R 214 793.27	Project Monitoring
MIG/R/EC/6097/09/09	Cala Reserve Access Road	Khulanathi Consulting	R 131 661.59	EIA Report
MIG/R/EC/6149/09/09	Mnxe Mission Access Road	Khulanathi Consulting	R 64 672.84	Business Plan
MIG/R/EC/5093/08/09	Makhwetshubeni Access Road	Khulanathi Consulting	R 36 490.90	EIA Report
MIG/R/EC/6367/09/09	Manzana Access Road	Khulanathi Consulting	R 38 859.75	Business Plan
MIG/EC1617/RST/08/09	Kuthule Access Road	Zezethu Engineers	R 32 472.90	Business Plan
MIG/R/EC/5043/08/10	Polar Park Access Road	Zezethu Engineers	R 32 472.90	Business Plan
MIG/R/EC/5092/08/10	Veris Access Road	Zezethu Engineers	R 19 437.57	Business Plan
MIG/EC/5053/08/09	Mamfengwini to Qolombeni Access	Africa Dynamics Consulting	R 315 249.17	Project Monitoring
MIG/R/EC/6992/08/09	Upper Ndwana Access Road	Africa Dynamics Consulting	R 194 999.68	Business Plan
MIG/R/EC/4312/09/11	Upgrading of Cala Road And Stormwater Phase 2	Inyameko Consultants	R 362 100.97	Business Plan + Design & Tender
MIG/R/EC/7173/09/10	Stokhwes bason Access Road	Inyameko Consultants	R 140 196.00	Business Plan
MIG/CS/EC/7541/09/10	Construction Ward 5 Community Hall	SDM Consulting	R 104 469.41	Business Plan

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CONSULTANTS MIG PROJECTS REPORT 2010/2011 FY (Cont.)					
PROJECT NUMBER	**PROJECT NAME**	**CONTRACTOR**	**AMOUNT PAID**	**REASON**	**COMMENT**
MIG/CS/EC/7675/09/10	Construction Ward 6 Community Hall	SDM Consulting	R 53 100.41	Business Plan	Professional Fees
MIG/CS/EC/7676/09/10	Construction Ward 7 Community Hall	SDM Consulting	R 53 100.41		Professional Fees
TOTAL AMOUNT			**R 2 104 841.62**		

FUTURE PROJECTS
MIG CAPITAL PROJECTS FOR THE 2011/2012

PROJECT NAME	PROJECT NO	WARD NO	AMOUNT	FUNDER	PROJECT STATUS
Cala Roads & Stormwater Phase 2	MIG/R/EC/3412/09/11	5	R 4 085 137.00	MIG	Tender stage awaiting contractor award
Elliot Landfill Site Transfer Station	MIG/CS/EC/0131/98/99	2	R 1 404 074.40	MIG	Environmental impact assessment stage
Cala landfill Site	MIG/CS/EC/7678/08/10		R 2 282 189.60	MIG	Environmental impact assessment stage
Elliot Old Location Cemeteries	MIG/CS/EC/7189/09/10	2	R 890 000.00	MIG	Tender stage awaiting contractor award
Elliot Old Location Community Hall	MIG/CS/EC/5084/08/09	2	R 2000 000.00	MIG	Tender stage awaiting contractor award
Cala Ndondo Square Community Hall	MIG/CS/EC/7541/09/10	5	R 2000 000.00	MIG	Tender stage awaiting contractor award
Project Management Unit		ADMIN FEES	R 679 599.02	MIG	
TOTAL BUDGET			**R 13 431 000.00**		**Expectations are that project that are waiting awards will be soon moving to implementation stage**

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Overview of Performance and S46/SDBIP
DEPARTMENTAL PERFORMANCE TARGET REPORTS

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OVERVIEW OF PERFORMANCE

Note: The s46 report has not been written in the manner prescribed as certain critical information remains unavailable. Since 2008-2009 (due to the absence of formal performance reporting) no information is available that would allow for the presentation of projected and actual performance targets and actual performance. As such this s46 template has been modified and only actual performance is reflected for 2010-2011.

The s46 for 2009-2010 has been attached for reference purposes. Detail on targeted and actual performance is provided for this period and may be used as historical data for the 2010-2011 s46 report that was unable to depict this data.

It is the intention of the s46 report to provide an account on the performance of Sakhisizwe Municipality for the period 2010-2011. Municipalities are required to provide a number of performance reports which ultimately lead to the submission of the annual report. It is prescribed that when reporting, an account of the municipality's actual versus planned performance is provided, detailing the extent to which this is achieved. This s46 report is presented in such a way and couples this with detail regarding any remedial action required in order to ensure that performance targets are ultimately met.
The municipality is required to report nationally on performance within the following key performance indicators:

- Municipal Institutional Development and Transformation
- Financial Viability
- Local Economic Development
- Good Governance and Public Participation
- Service Delivery

Performance for 2010-2011 within each of these areas will be summarized within the report which follows:

- Municipal Institutional Development and Transformation

In order to progress institutionally and to ensure that the organisation is equipped to handle change in an effective manner it is required that the appropriate steps are taken to ensure that the institution is structured and equipped with appropriate infrastructure, systems, processes and capacitated staff so that performance is able to be optimized at all levels. Sakhisizwe Municipality has traditionally been faced with many changes within this area as it experiences an extremely small rate base and rates of unemployment are exceptionally high. Financial resources and capacity remain a challenge although efforts within the last couple of years have shown remarkable improvement in all areas.
Accordingly it is noted that:

– Training of staff has been concluded effectively according to the implementation of the annual Workplace Skills Plan;

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- Employment Equity targets are being met in so far as this is feasible under the current circumstances. Great difficulties are experienced in attempting to attract and retain staff in many areas and this may be attributed to scarce skills, geographical location, remuneration packages and the like;
- All Employment Equity Reports have been submitted timeously as required;
- The organogram has been reworked and reflects the functional needs of the organisation; and
- Policies and procedures within all areas have been reviewed and updated as required.

Notwithstanding progress within these areas it is important to note that one of the greatest deficiencies exists within the area of performance management. While this is aimed at the level of s57 managers currently, it must be noted that this is not being effectively applied and all aspects of the system are not being applied as per policy prescriptions. It is noted that performance evaluations for s57 managers were last conducted for the 2008-2009 period. Additionally a performance management system was reflected within the IDP although this was not the system currently in use. Due to issues raised by Councillors, these annual assessments and any related performance bonus have not been conducted or awarded since this period. Council has been advised that the failure to formally conclude an annual performance assessment is contrary to the contract of employment that has been established with these s57 employees and they have been cautioned against continuing with this practice.

The IDP has been criticized for the manner in which it has been compiled and in particular performance targets have been poorly written. It is argued that there is little alignment between the IDP, SDBIP and Budget. This is an area that is required to be addressed as it is imperative that what is reflected within the IDP is reflected within the SDBIP and related Budget. Failure to ensure alignment has resulted in a situation where financial allocations for projects often fall short of requirements and this results in finances being moved around between projects to accommodate need.

SDBIP reporting is not well conducted and where information is provided this fails to meet the reporting standards required. These reports are to receive required input from all departments and reports are to be submitted timeously as part of a quarterly Standing Committee Report. A consolidated performance report is then to be presented to the Ward Committees (after moving through the appropriate committee structures) in order that community feedback and participation is facilitated as required.

Overall it is clear that considerable and ongoing change is required within this area notwithstanding the changes and progress that has already been made.

- Financial Viability

It is noted that during 2009/2010 Sakhisizwe Municipality received an adverse audit opinion. Progress has been considerable and for 2010/2011 Sakhisizwe Municipality received a qualified audit opinion.

As compared with previous years it is noted that the areas requiring attention have been greatly reduced and are reflected as follows:

- Effective systems and controls for monitoring expenditure in order to minimize/prevent irregular expenditure are required;

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- Leave records are not up to date and/or accurate and these are to be audited, adjusted and regularly updated;
- The IDP is to be rewritten and the SDBIP and budget are to be aligned to the IDP;
- Supply Chain Management systems, processes and practices are to be strictly applied;
- All performance reporting is required to be conducted correctly and within the correct timeframes;
- Management is to provide a more thorough and direct oversight role regarding financial and administrative issues; and
- The establishment of a new audit committee is expected to contribute towards ensuring greater functionality.

Notwithstanding the many areas for improvement Sakhisizwe Municipality must be commended for the development of its Financial Plan which details so many specific, necessary and achievable goals for the current year and beyond.

- Local Economic Development

The entre focus of LED is limited by the very weak LED strategy that was originally in place, and by the limited financial resources available. In as far as implementation of this strategy, little or no progress has been made.
Similarly and due to the lack of financial resources no real progress has been made within tourism.
In a more positive light it is noted that planned EPWP programmes have occurred although again additional programmes/recipients have been limited by the financial resources available. The sourcing of additional funding is clearly required. Reporting on EPWP projects was well achieved.
Overall LED is an area that requires additional focus and the employment of staff who have required capacity and experience who will be able to facilitate the achievement of goals.

- Good Governance and Public Participation

While here are a number of areas where governance and public participation initiatives have been well received, there are also a number of areas requiring re-work.

Progress is elaborated on as follows:

- It is acknowledged that the IDP is required to be extensively reworked and performance targets are to be restated/re-worded;
- Generally, reporting and more specifically the quality of reporting requires attention and staff are to be capacitated to enable more efficient and effective reporting;
- A Community Participation Plan and Strategy to guide this process forward was well achieved and 25% of the related budget was allocated to public participation.
- Ward committee inclusion to these processes was well achieved; and
- Council meetings were well attended as required.

Notwithstanding these successes, challenges related to the following fields:

- The Audit Committee is to be re-established after the resignation of the majority of its members, which rendered it non-functional;

- Reporting on the management of risk and the implementation of the Audit Action Plan is required;
- A Communication Strategy is to be developed and applied effectively; and
- The Delegations Framework is to be developed, implemented and effectively applied.

- Service Delivery

As with the other areas, while progress is evident the following issues are highlighted:

- The existing valuation roll has been updated and maintained (facilitating revenue collection);
- The SCM Policy is approximately 80% functional and being implemented as required;
- Social and recreational facilities are being effectively maintained as per established maintenance plans, although it is recognized that all planning and related activities are limited to available funding and infrastructure;
- Housing projects are effectively facilitated in as far as this is possible (recognizing that the Department of Human Settlements is the developer and the municipality provides the land);
- The Housing Sector Plan was approved;
- Traffic signs have been updated and the testing terrain upgraded;
- Refuse collection has improved dramatically;
- There was effective management of the Public Health Care function which has now become a provincialized function;
- Adequate reporting on electrical losses and updating of the electricity database is occurring although it is recognized that ESCOM undertakes these services;
- A Service Level Agreement between Chris Hani District Municipality and Sakhisizwe Municipality has been concluded;
- The Roads Master Plan is in place;
- The Indigent Policy has been reviewed and the Register updated;
- The complaints registers for services are being well utilized,
- Buildings and Town Planning targets have been achieved; and
- The Land Audit Report was completed.

Notwithstanding the many improvements and areas of success, many challenges exist. A number of the more prominent issues are reflected as follows:

- No Service Providers Report has been provided (as per legislative requirements). Progress on MIG projects have been provided but little other information on tenders awarded, progress and the management of these service providers;
- Ageing infrastructure and the lack of financial resources;
- Waste sites & refuse removal are greatly challenged due to human capital and financial shortages. Service providers have been appointed to develop a waste management plan and register two waste management sites. Temps are also employed to assist with service delivery;
- Required management and effective functioning of the Traffic Department;

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- Compliance with OHS Policy and Plan;
- The Crime prevention Campaign has not met required targets;
- Illegal burials are occurring due to poor systems and controls;
- OHS is not managed or monitored at the Traffic Department and required standards are not met as a result;
- Due to lack of controls and management the reliability and validity of records at the traffic and test station are called into question;
- The Traffic Department does not have updated manuals with which to operate;
- Policy and procedures to utilize schools and community halls have not yet been finalized and approved;
- There is no approved and updated Hawker Control Policy;
- Business licences are not effectively controlled;
- Library Forum meetings are not occurring as required;
- Stormwater project progress due to lack of finances and HR capacity;
- Reporting on Road surfacing projects and construction have not been well conducted; and
- Databases for Water Management and Operations and Sewerage have not yet been achieved.

Conclusion

As indicated, while great progress has been made (at times under extremely difficult circumstances) it is clear that there is also room for a great deal of improvement. It is strongly suggested that changes begin with the establishment of improved internal systems and controls. By addressing these issues first, many related challenges will disappear from focus.

The s46 report that follows will indicate the challenges/reasons for not meeting performance targets and will also detail the remedial action required in order to facilitate the achievement of these targets moving forward.

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SAKHISIZWE MUNICIPALITY

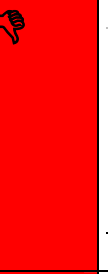
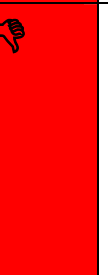
SDBIP/PERFORMANCE REPORT : 2010/2011

Key: Snap assessment on likelihood of achieving annual target	
	Proceeding well. Annual target will be met and exceeded
	Meeting target
	Under achieving on target. More work is needed
	On Hold /Target to be revised
?	Assessment not possible to determine at this stage

Municipal Manager's Office

KPA 1: Local Economic Development							KPA Weight		10%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
12,13	To combat and reduce the spread of HIV/Aids by 2014	Strategically manage the establishment of PAC and prepare ToR. Appoint Service Provider. Preparation & implementation of HIV/Aids Strategy.	Completed HIV/AIDS Strategy. Quarterly Reports. Reports from Dept. of Health/CHDM.	HIV prevalence % unknown/ PAC not established, literature reviews and ToR. Consultation with stakeholders	Establishment of AC/prepare ToR. Appoint Service Provider. (if required) Preparation & implementation of HIV/Aids Strategy 50% progress	HIV/Aids Strategy approved by Council. councillors workshopped	?	HIV/AIDS Co ordinator appointed through CHDM / AIDS Council to be revived within all Wards	Financial constraints / No capacity until recently / efforts have been put in place to revive the strategy Consultation with stakeholders 75% of staff members know their HIV/AIDS Status.

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KPA 1: Local Economic Development							KPA Weight		10%
IDP No.	**IDP Objective**	**Indicator of Performance**	**Measurement Source**	**Baseline**	**Annual target**	**Actual Target**	**snapshot assess-ment (annual target)**	**Reason for variance/ Remedial Action**	**General Comment**
12,13	To promote and monitor the effective and efficient functioning of the SPU	Policy on mainstreaming of special programmes (women, youth and disabled) includes HIV/AIDS Programmes	Policy on mainstreaming developed, includes HIV/AIDS programmes	No Policy	Policy on mainstreaming of SPU programmes (women, youth and disabled) includes HIV/AIDS Programmes	0%		Policy on Special programmes to receive attention	Financial constraints/Policies developed /not implemented
13,5	To alleviate poverty and promote massive food production	Strategically manage the implementation of LED Strategy and set ToR	Implementation of LED strategy. Alleviation programmes -ToR	Weak LED strategy. Capacity issues.	Strategically manage the implementation of LED Strategy and set ToR 80% progress	In progress / not achieved		Application for funding made to Thina Sinako	No revised LED strategy & SMME data base groupings hindering development & ability to support LED programmes

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Municipal Manager's Office (Cont.)

KPA 1: Local Economic Development (Cont.)							KPA Weight		10%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
5	To ensure that the LED Strategy Plan is developed by 2010	Strategically manage the Improvement in LED, and LED Sector Plans. Strategic Planning Workshop held. ToR developed & strategy for fundraising for LED. Implementation & review/monitoring of LED related projects & programmes (Greening and Charcoal projects) as per plan.	Improved LED Strategy, Sector Plans, fundraising strategy, Workshop attendance/ implementation reports	Weak LED strategy	80%	Limited progress / No LED strategy		Application for funding made to Thina Sinako project	
5	To ensure that the Tourism Sector Plan is in place	Strategically manage the establishment of Tourism through development of Tourism Implementation Plan, implementation report and reviews.	Tourism plan and implementation report	Tourism established. Limited funding - outsourced.	80%	10 % Tourism established /No project activity in Tourism /Not Achieved		Tourism projects require focus	No activity occurred in respect of tourism.

Municipal Manager's Office (Cont.)

KPA 1: Local Economic Development (Cont.)							KPA Weight		10%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
5	To create an economic vibrant environment that is conducive to promote SMME's development to halve unemployment by 2014	Strategically manage the coordination of different programmes from all spheres of government to promote EPWP	Report on participation	In progress	100%	100%			
5	NDGP (2016)	Strategically manage the generation of the creation of employment opportunities and potential income as per strategy.	Participation Report	Limited funding	100%	100%			Failure to understand DPW method of reporting

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Municipal Manager's Office (Cont.)

KPA 2: Service Delivery							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	measurement source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Focus on the improvement of delivery of core powers and functions of local government	Strategically manage and monitor KPA's of service delivery units within the Municipality (IPED, Technical, Budget & Treasury and Community Services functions) in order to ensure that their service delivery targets are met.	Monthly departmental progress reports aligned to targets set per IDP/SDBIP, SDBIP reporting quarterly to Council	Available monthly Departmental reporting	Monthly departmental progress reports aligned to targets set per IDP/SDBIP, SDBIP reporting quarterly to Council	Partially Achieved reporting required to be more structured & consolidat ed (no consolidat ed SDBIP reporting			Departmental Managers provide monthly Departmental reports / CFO co – ordinates SDBIP reporting is hindered by limited inputs form other Depts
4	To provide free basic services to the indigent by 2014	Ensures the review and implementation of a fully functional Indigent Policy and Register	Indigent Policy reviewed Indigent Register updated	Reviewed Indigent Policy and register / Effective Indigent Policy and access to BSD	90%	90% Indigent Policy reviewed Indigent Register updated			
1	To provide sustainable functional internal access and proclaimed road network by 2011	Strategically manage and monitor to ensure Technical Services puts a Roads Master Plan in place	Roads Master Plan approved	Absence of Roads Master Plan	100%	100% Roads Master Plan in place			

Municipal Manager's Office (Cont.)

KPA 2: Service Delivery (Cont.)							KPA Weight		15%
IDP No.	**IDP Objective**	**Indicator of Performance**	**measurement source**	**Baseline**	**Annual target**	**Actual Target**	**snapshot assess-ment (annual target)**	**Reason for variance/ Remedial Action**	**General Comment**
2	That all communities have access to appropriate and adequate sanitation and Water by 2014	Strategically manage and monitor and ensure IPED/COMM develop and implement a Waste Management Plan	Implementation of Waste Management Plan/ Council approved/ Quarterly report	Non implementation of Waste Management Plan	IPED/ COMM develop and implement a Waste Management Plan 100%	80% refuse removal is only collected within the CBD area and within town.		Service Providers have been appointed to develop a waste management plan and register two waste management sites /30 Temps employed to assit with service delivery	Great challenges exist in respect of this functional area waste sites & refuse removal / staffing /Equipment & Human capital shortages

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KPA 2: Service Delivery (Cont.)							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	measurement source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Strategically monitors ongoing maintenance and repair work and continuous treatment in respect of Bulk Water Supply, Water treatment, Sewerage maintenance and reticulation, in order to ensure acceptable standards are met and a continuous supply of potable water is available.	Performance as per Maintenance Programme Targets, Water and Sewerage Report, Treatment Reports, Faults and Repair Statistics Report, quarterly reports.	Poor, ageing infrastructure, Lack of qualified operators	ongoing maintenance & repair work and continuous in respect of Water Supply, & Sewerage maintenance & reticulation	100%	👍		CHDM (Water Services Authority) – Sakhisizwe appointed on a agency basis to reticulate until the Section 78 process was completed Infrastructure is the responsibility of the Water Services Authority
3	To ensure that all Sakhisizwe communities have access to adequate housing by 2014	Strategically monitors the development of Housing Sector Plan and submissions of funding applications to Department of Human Settlements. Ensures that funding opportunities are sourced and public private partnerships promoted	Housing Sector Plans. Funding applications to DoH or top up funding. Monthly/quarterly reports, letters, funding applications. Reports from DoH and PPP reports	No Housing Sector Plan No alignment of future housing projects to community needs/ during the preceding FY it was indicated as 1000 houses in 2010/2011 FY indicated as 1015 – statistical variance	100%	Project which started in 2003 / 1015 houses has been advertised and a main contractor has been engaged and is to be on site. The other houses which were left unfinished by the main contractor were completed by sub contractor under the supervision of the department of Human Settlements and the Local Municipality.	👍		Department of Human Settlements housing is the developer and the municipality provides the land for every projects.

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Municipal Manager's Office (Cont.)

KPA 2: Service Delivery (cont.)							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
4	To ensure that all public amenities and communities have access to electricity by 2011	Strategically monitors electrical reliability and sustainability in order to ensure that a quality service is provided.	Quarterly reports. Maintenance and operational reports.	Ageing infrastructure Limited funding Reliant on ESKOM	100%	100%			Electricity services in Sakhisizwe LM are undertaken by Eskom. Three areas which are licensed in Sakhisizwe operating licence from the NERSA in Elliot (Elliot Town, Takalani Township and Hillview Township). Shared energy power of 2, 5 KW per month this is monitored by Eskom

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Municipal Manager's Office (Cont.)

KPA 2: Service Delivery (cont.)							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
6	Ensure the establishment of sufficient social and recreational facilities for our community by 2014	Strategically manage all planned social and recreational projects as planned.	Implementation Reports. Quarterly reports.	Ongoing. Financial limitations	100%	100% Monthly & Qauterly reporting			
7	To provide comprehensive and integrated health services	To strategically manage the provision of an integrated PHC as per Project Plan	Quarterly reporting	In progress	100%	3 clinics /Sakhisizwe serves as Agent of the Dept. of Health / Provincialisation of this function has occurred			Target to be removed function provincialized
8	Promote, implement and maintain safety and security in all communities at Sakhisizwe	Strategically manage the Crime Prevention Campaigns and Street Lighting initiative to support this process.	Quarterly Reporting	In progress	100%	Not Achieved			No reported information provided form the IPED /Comm Manager
9	Facilitate quality education provision.	Strategically manage and support all efforts to improve education provision as per project.	Quarterly Reporting	In progress	100%	100% Monthly & Quarterly reporting			

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Municipal Manager's Office (Cont.)

KPA 2: Service Delivery (cont.)							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
10	To create a safe and healthy environment by ensuring that land, natural resources and atmosphere are not contaminated	Strategically manage all efforts re: land environmental management such as: Environmental Waste Management Plan, Greening projects and Business/Hawkers Forums	Quarterly Reporting	Ongoing	100%	Service Providers have been appointed to register two waste management sites			
11	To ensure the implementation of functional and efficient structures and mechanisms to deal with disasters effectively.	Strategically manage the Disaster Management Planning Process	Quarterly Reporting	In progress Ongoing	100%	Municipality is making use of the Chris Hani Disaster Management Framework./ Municipal representatives have been chosen to sit on the Disaster Management Forums as this is a District competency		Municipality to develop its own framework. With assistance of CHDM	No integrated approach to disaster management and funding challenges remain and prevent targets from being achieved. Municipal

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Municipal Manager's Office (Cont.)

KPA 3: Municipal Transformation and institutional development							KPA Weight		15%
IDP No.	**IDP Objective**	**Indicator of Performance**	**Measurement Source**	**Baseline**	**Annual target**	**Actual Target**	**snapshot assess-ment (annual target)**	**Reason for variance/ Remedial Action**	**General Comment**
13	Good governance and effective administration, Improved human resource of local government by 2011	Organisational performance managed through application of approved Performance Management Framework and System.	Institutional scorecard approved by Council. PMS Framework approved Quarterly Performance Reporting	PMS only applicable to S57 staff. No framework.	100%	100%			
		PMS rolled out to middle management from S57 level	PMS reports/evaluations/ PMS Policy/ quarterly reports to SC on PMS target progress as per SDBIP (each department) PDP & 25% progress to M&E Policy	Functional at S57 level - roll out to middle managers in 2010.	50%	0%			Last functional in 2008/2009 FY
		M & E Policy to be developed and put in place.	Policy developed and implemented	None	70%	0%			

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Municipal Manager's Office (Cont.)

KPA 3: Municipal Transformation and institutional development (Cont.)							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		HR Development: Implementation of WSP with 70% expenditure of the training/skills budget spent on training interventions.	Quarterly Reports; Training Implementation Reports.	70%	70%	100% expenditure			
		EE: % compliance with the Employment Equity Plan in the 3 highest levels of management	Quarterly Reports	90% compliant in 3 highest categories	90%	90% compliant in 3 highest categories as per EE Plan/targets			Top management 1 BM Senior Management 1BF,1WM,2BM Professionals /Mid Management / professionals 6 BM,1WM,2AF
13		Ensures Compliance with EE reporting in legislated format to EE Registry by October each year.	EE Report submitted timeously in legislated format.	EE Reporting underway!	100%	100% EE Report submitted timeously in legislated format			

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Municipal Manager's Office (Cont.)

KPA 3: Municipal Transformation and institutional development (Cont.)							KPA Weight		15%
IDP No.	**IDP Objective**	**Indicator of Performance**	**Measurement Source**	**Baseline**	**Annual target**	**Actual Target**	**snapshot assess-ment (annual target)**	**Reason for variance/ Remedial Action**	**General Comment**
13	LLF	LLF Meeting attendance and reporting occurs as per schedule (one per quarter).	Ensures LLF meetings one per quarter & LLF Quarterly reports	Functional LLF	100%	75% 3 meetings		Lack of quorum / strikes beyond control of CSM	

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KPA 4: Financial management and viability							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Ensue sound financial management and governance linked with coordination of all departments within the institution	% of allocated operating budget spent year to date, excluding staff costs.	Quarterly report	Regular reporting	95%	100%			
		% of allocated capital budget spent year to date	Quarterly report	100%	95%	100%			

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Municipal Manager's Office (Cont.)

KPA 4: Financial management and viability (Cont.)							KPA Weight		20%
ID P No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		The percentage of households earning less than R1600 per month with access to free basic services	Report to Council	Effective Indigent Management. Access to BSD.	100%	100% Effective Indigent Management. Access to BSD			
		Ensures that the budget is developed in a compliant and consistent manner	Council approved Budget Public participation, Council resolution, budget, minutes, public participation, outreach	Full compliance	100%	100% Council approved Budget Public participation 00%			
		Implementation of the SCM Policy	Compliance report submitted to NT Council (quarterly).	SCM Policy in place	100%	80% SCM Policy in place			Compliance reporting requires attention
		GRAP/GAMAP compliance & implementation of the asset management policy	Compliance report submitted to Council (quarterly).	Unknown	100%	100%			

Municipal Manager's Office (Cont.)

KPA 4: Financial management and viability (Cont.)							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Manages the submission of AFS.	Timeous submission of AFS (31 August)	Timeous submission	100%	100% Achieved	☜		
		Compliance with MFMA No. 56 of 2003	Compliance with statutory requirements	Progress to full compliance	100%	100%	☜		
		Ensures that revenue is managed according to sound financial principles	Strategically manages operational efficiency and fiscal control.	Debt Collection & Credit Control Policy in place and implemented.	100%	100%	☜		Policy implemented / Consumer debtors increased by 0.29%
		Ensures that the M & E of Budget and Treasury is applied through formal reporting	Quarterly report/ Budget reports/ SDBIP/ Reports on Expenditure	M & E through formal reporting and financial reporting	100%	100%	👍		

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Municipal Manager's Office (Cont.)

KPA 5: Good governance and Public Participation							KPA Weight		20%
IDP No.	**IDP Objective**	**Indicator of Performance**	**Measurement Source**	**Baseline**	**Annual target**	**Actual Target**	**snapshot assess-ment (annual target)**	**Reason for variance/ Remedial Action**	**General Comment**
13	Accountable and transparent programmes that lead to good governance and public participation, strengthening of Good Governance, Community Participation and Ward Committee Systems in local government	IDP reviewed annually and adoption of Process Plan	Council approval	Approved on an annual basis	100%	100% IDP reviewed annually and adoption of Process Plan			
		Ensures finalisation of Annual Report by having S57's submit inputs by 30 November	Departmental submissions received timeously. Annual Report approved by Council.	Submissions not thorough. Not submitted timeously.	100%	Annual report 2009/2010 tabled in required timeframe/ 2010/2011 in progress			
		Oversight Committee established, Oversight ToR, Oversight meetings (deliberate on AG finding) Oversight reports compiled.	Oversight Report / Council Approval	Oversight reporting Committee established	100%	Oversight Committee established, Oversight meetings Oversight report complied /approved			
		Delegation Framework established / updated and applied	Delegation Framework implementation/ workshopped	Developed/ Implemented/ workshopped	100%	Not Achieved			

Municipal Manager's Office (Cont.)

KPA 5: Good governance and Public Participation (Cont.)							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Community participation plan and strategy developed and allocation of budget to public participation	Development of Community Participation Plan and Strategy and implementation of strategy Report on implementation Quarterly report	Developed - requires implementation	90%	Community participation plan and strategy developed and allocation of budget to public participation 25%			
		Communication Strategy approved. Implementation Strategy approved.	Council approval/ Implementation of Communication Strategy. Report on Implementation/ quarterly report.	Not functional/ developed	100%	Communications Strategy approved & well applied Internally		Implementation of the strategy requires attention	The Communication Staregy was well applied especially at the time when there was a dedicated Communications Manager to drive these initiatives and processes. The Communications Officer has since resigned during the FY and since his vacation of this position Communication is left a huge void

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KPA 5: Good governance and Public Participation (Cont.)							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Improved ward participation 75% expenditure of funding set aside for ward committee development	Ward Committee meetings	Partially operating ward committee	75%	100% all wards participated in IDP processes /Councillors development included in WSP	👍		

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Municipal Manager's Office (Cont.)

KPA 5: Good governance and Public participation (cont.)							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Local Government to obtain clean audit reports by 2011	Strategy/Action Plan developed to support Sakhisizwe - Audit Plan	Report on implementation/ Response to audit outcomes/ audit investigations/ council approval / quarterly report	In progress	100%	100% Action Plan developed to support Sakhisizwe - Audit Plan /progress reporting			
		Compliance with MFMA/ Development of Risk Management profile and system and % of implementation of risk assessment	Report on implementation/ Response to audit outcomes/ audit investigations/ council approval / quarterly report	In progress	100%	The Risk Management profile has been developed / implementation requires focus		Implementation of risks assessments remain a challenge	The Risk Management profile has been developed
		Audit response to Auditor General's Report	AG response	AG response annually	100%	In progress queries are receiving attention as per ACP			

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Municipal Manager's Office (Cont.)

KPA 5: Good governance and Public participation (cont.)							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		PMS Audit committee to be established to meet % of scheduled meetings of the performance audit committee sitting	Minutes of Audit Committee / Schedule of Meetings	Audit Committee established / functional challenges.	100%	50% Partially achieved		Lack of quorum /resignation of members	
13	Strengthening Good Governance and effective administration	Attendance at all Council Meetings	Attendance Register of meetings attended Meeting minutes	Schedule of meetings available annually	100%	100%			

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Finance Department

KPA 1: Local Economic Development							KPA Weight		5%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
5	Creating an enabling environment for economic development and increase related potentials to maximize economic opportunities of the Local Municipality by 2011	30% of tenders awarded to HDIs	Quarterly Report SCM : Tenders and Bid Reports	Compliance Report	30%	30%			The tenders issued to contractors has predominately been HDI (appointed funded by MIG grants
KPA 2: Municipal Transformation and institutional development							**KPA Weight**		**15%**
IDP No.	**IDP Objective**	**Indicator of Performance**	**Measurement Source**	**Baseline**	**Annual target**	**Actual Target**	**snapshot assess-ment (annual target)**	**Reason for variance/ Remedial Action**	**General Comment**
13	Improved human resource of local government by 2011	80% of critical vacant positions filled within Finance Department.	Number of critical vacant posts filled vs. those that are unfilled	Critical posts are identified on the organogram Finalisation of organogram underway	80%	80% of funded critical post filled in Finance Dept.			
		Staff capacitated through planned expenditure on training/skills budget	Quarterly training/Skills monitoring reports 70% expenditure on training budget	Workplace Skills Plan approved and training required to planned	70%	100%			

Finance Department (Cont.)

KPA 2: Municipal Transformation and institutional development							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	To provide sound and sustainable financial management.	Attendance of all Council and Standing Committee meetings where input/presence required as per schedule and report submissions.	Proof of Council and Standing Committee Meetings required to be attended - Minutes	Meetings scheduled. Not always held as planned	100%	100%	☜		
13	To secure sound and sustainable financial management. Effective Consumer Billing Systems, Debt Collection and Credit Control to improve payment levels and reduce debt, and in so doing, to promoted a culture of payment	Debt collection increased to 90% Adoption of Credit Control Policy and Debt Collection Billing System	Credit Control Policy Debt Collection Billing System applied % of debt collected	Available Credit Control Policy and Debt Collection Billing System	90%	90%	☜		Policy implemented / Consumer debtors increased by 0.29%
		Consumer database up to date and updated monthly	Updated consumer base	Consumer database in process of being updated	95%	95%	☜		
		Consumer accounts accurate	Monthly billing of consumer accounts at 98% accuracy.	Inaccurate	98%	98%	☜		

Finance Department (Cont.)

KPA 2: Municipal Transformation and institutional development (Cont.)							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Monthly meter readings captured accurately.	Accuracy of meter readings reflected monthly and inputted onto SEBATA	90%	90%	90% Monthly meter readings captured accurately	☜		
13	Indigent Management Free Basic Services	Reviewed and approved fully functional Indigent Policy and register	Monthly updated Indigent Register Reviewed Indigent Policy. Quarterly reports	Indigent Policy + Register Some access to FBS.	90%	90% Monthly updated Indigent Register Reviewed Indigent Policy. Quarterly reports	☜		
13	Expenditure Management	Implementation of M & E system to monitor and control expenditure	Monthly/Quarterly reporting/reconciliations of votes	Managed and controlled	100%	100% Monthly/ Quarterly reporting/reconciliations of votes	☜		
13	To secure sound and sustainable financial management.	AFS submitted timeously by 31 August	AFS/Council approved/ submission to Treasury	MFMA requirement	100%	100% AFS submitted timeously by 31 August	☝		
13	Develop and update financial policies/strategies and by-laws in line with legislation.	AFS GRAP/GAMAP Compliant	GRAP/GAMAP Compliant AFS	MFMA requirement	100%	100% AFS GRAP/GAMAP Compliant	☜		
13	Develop and update financial policies/strategies and by-laws in line with legislation.	Updated financial policies as deemed necessary for operational efficiency as per implementation plan.	Completed and adopted by-laws Policies as indicated	Policies outdated or non-existent	100%	Policy Assessment	☝		

Finance Department (Cont.)

KPA 2: Municipal Transformation and institutional development (Cont.)							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	To secure sound and sustainable financial management.	Timely receipting of National and Provincial allocations (Grant funding and equitable share).	Correspondence / Reports/ Receipt and allocations	MFMA requirement	100%	Timely receipting of National and Provincial allocations (Grant funding and equitable share).			
13	Provide efficient and effective financial support to all departments.	Data integrity and protection of all information and computer systems regular upgrade of hardware and software	Roll-out and implementation of fully functional IT Policy & IT Strategy and effective website maintenance	IT System maintenance required Financial System requires maintenance	100%	Data integrity and protection of all information and computer systems regular upgrade of hardware and software			
13		Functional Electronic IT/Financial Systems implemented	Effectiveness of Electronic Data Management System	SEBATA Financial System maintained	100%	Functional Electronic IT/Financial Systems implemented			
13	Provide efficient and effective financial support to all departments.	Roll-out of email & functional email facilities	Effective Communication	Ongoing	90%	functional email facilities			

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KPA 2: Municipal Transformation and institutional development (Cont.)							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Provide efficient and effective financial support to all departments.	Website developed and updated and maintained according to implementation plan.	SP Reporting, Monthly and quarterly reporting.	Website developed by MARS Technologies/ Requires implementation/ maintenance	80%	Website developed and updated and maintained according to implementation plan.			Website requires to be updated & compliance achieved with placement of all required legislated documentation on website i.to section 21 a Municipal Systems Act
13	Provide efficient and effective financial support to all departments.	Purchase of office furniture and equipment	Advert/ Tender/ Bid award/payment/ purchases	As assessment Annually/ budgeted / required	100%	100%			

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Finance Department (Cont.)

KPA 3: Service Delivery							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	To provide sound and sustainable financial management	Annual reconciliation and update of the valuation roll	Accuracy and completeness of valuation roll (correct rates and accounts)	Existing valuation roll (75%)	100%	100%			
13	Provide efficient and effective financial support to all departments.	Manage votes re costs of fuel and maintenance by monthly allocations to the correct vote.	Monthly statistical /financial reports/allocated cost of fuel and maintenance to correct votes	Ongoing, MFMA	100%	Monthly statistical /financial reports/allocated cost of fuel and maintenance to correct votes			

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Finance Department (Cont.)

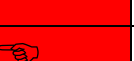
KPA 4: Financial management and viability							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Secure, sound and sustainable financial management	Clean audits received. MFMA compliance improved efficiency and fiscal control	Quarterly Audit Reports. Annual Financial Statements and AG Report.	AFS compiled annually Disclaimer received.	100%	Disclaimer of opinion			There has been improved efficiency and fiscal control however there are still identified weakness with systems and controls
13	Secure, sound and sustainable financial management	Implementation of SCM Policy Compliance Report submitted to Council	Implement SCM Processes / SCM Tenders/ Bid / Quarterly Report	SCM Policy in place	100%	80% SCM Policy in place			Compliance reporting requires attention
13	Accounting and Reporting	Implement MFMA requirements relating to accounting & reporting. Submit monthly bank recons. Process statutory reports National & Provincial.	All reports submitted as per MFMA requirements.	Reports submitted to NT	100%	Financial submitted TO NT			financial submitted

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Finance Department (Cont.)

KPA 4: Financial management and viability							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Monthly, quarterly and mid-year reports to Municipal Manager, Full Council, Provincial and National Treasury and AG provided in terms of MFMA	Monthly, quarterly, mid-year and annual reports to Municipal Manager, Exco, Full Council, Provincial and National Treasury and AG as per MFMA	AFS and most reports submitted in terms of MFMA and updated annually. S71 reports submitted monthly and only the financial portion of the s72 submitted.	100%	80% S71 reports submitted monthly		s72 report **financial portion submitted**./ . If departments plan and set targets well in advance and as accurately as possible, and report on actual performance achieved the Finance department can assit provision of credible financials against agreed delivery targets and standards.	The Finance department is not solely responsible for the preparation, and reporting on s72 report. Each line department takes ownership of the performance in their area of functional responsibility and the municipal manager must manage the overall performance reporting processes.
		95 % of allocated operating budget spent year to date, excluding staff costs	Quarterly and monthly reports	Income and Expenditure Reports	95%	95%			
		95% of allocated capital budget spent year to date	quarterly report	100%	95%	95%			
		100% Compliance of Asset Register to GRAP standards	Quarterly compliance report submitted to council	Process is underway but requiring clearer definition from the AG	100%	100%			

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KPA 4: Financial management and viability							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Review of efficiency of SOP's	Efficiency of implementation	Development of SOP's	100%	50%			In progress (development of standard operating procedures)
		Review of Departmental Risk	Responses to internal & external audit review re- risk assessment.	Audit Reports	100%	Risk policy /framework developed / Review of Departmental Risk requires	?		Reported on in the AFS
13	Local government to obtain clean audit reports by 2011	80% implementation of risk assessment	Quarterly report	unknown	80%	Implementation requires focus /not achieved			
		Review of Financial Policies	Annual Financial Policy Review Completed.	Review completed - submission of Budget	100%	Annual Financial Policy Review Completed.			
		Submission of Budget and IDP Process Plan	Draft approved Council 31/3 and final before 31/5	MFMA requirement -- adherence ongoing	100%	100%			
		Budget Controls and Monitoring	Report submitted to Council - Quarterly report as per MFMA	Items to Finance Standing, & Council	100%	100%			

Finance Department (Cont.)

KPA 4: Financial management and viability							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Submission of SDBIP and PMS Reports	Legislative requirement	Reports	100%	Finance Dept. completed Dept SDBIP /PMS reporting consolidated reporting not achieved		All Dept. provide required input (non-financial information reports to be treated as priority and all appropriate information is collected timeously by all departments in order to facilitate the consolidate d required level of compliance.	SDBIP reporting requires all Dept provide required input, while the financial reporting is conducted obtaining the non-financial information remains a huge challenge.
	Accounting and Reporting	Coordinating CFO forums	Half yearly meeting scheduled and held.	Minutes	100%	100%			
		Submission to Council of quarterly withdrawals	Section 11(4) (a). MFMA quarterly Reports.	Items to Finance Standing, & Council	100%	100%			
		Implementation of monthly grant reconciliations	Monthly reconciliation reports.	Monthly submissions	100%	100%			

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Finance Department (Cont.)

KPA 4: Financial management and viability							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Management of Investment accounts	Reports submitted to Council. All surplus money invested, balance investment register monthly, Allocate interest and redemptions on loans monthly.	All reports submitted to Finance Standing monthly and to & Council quarterly.	100%	100%			
		Development of Investment Strategy	Developed and approved Investment Strategy.	Not yet	100%	100%			
		Report to Council on Staff Benefits	As required by the MFMA	Items to Finance Standing, & Council	100%	100%			
		Report on the implementation Priorities MFMA	As required by national Treasury	Items to Finance Standing, & Council	100%	100%			

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Finance Department (Cont.)

KPA 5: Good governance and Public participation							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
	Strengthening Good Governance, Community Participation and Ward Committee Systems in local government	Approved Review of the Integrated Development Plan	Council approval	approved on an annual basis	100%	100%	☜		
		95% expenditure of budget on public participation (allocated to Public participation)	Report to council	unknown	100%	95%	☜		
	Budget and Treasury Departmental Annual Report Oversight Report	Development and submission of Financial Departmental Annual Report and Oversight Report	Adopted Oversight Report and Annual Report	Annual Report compiled by 30 November 2009 and Oversight Report completed February 2010	100%	100%	☜		Provision of Dept. input achieved / 2010/2011 in progress
13	Tariff and Adjustment Budget	Full compliance with Chapter 4 of MFMA Systems Act & S23 MFMA	Approved Tariffs and approved adjustment budget	MFMA required	100%	100%	☜		

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Finance Department (Cont.)

KPA 5: Good governance and Public participation							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Audit Qualifications (Budget and Treasury)	Improved audit report for 2009-2010 Financial Year. Address audit queries. Adherence to Audit Plan / Action Plan to address audit queries.	Action Plan to address outstanding audit (2007/2008 & 2009/2010) AG queries raised. Queries raised by internal audit committee to be addressed within 30 days of receipt	Annually addressed	70%	70% addressed as per audit action plan			
13	Performance Management	Population scorecard and agreement for s57 manager concluded.	Structured PM System. Populated scorecard. Signed agreement. Monitoring /Evaluation of Performance. Legislative compliance.	Applicable to s57 staff.	100%	Population scorecard and agreement for s57 manager concluded.			
		PMS phased to next reporting level. Populate and finalise PMS scorecard for direct reporting staff as per roll out to middle management.	Structured PM System Populated scorecard. Signed agreement. Monitoring /Evaluation of Performance. Legislative compliance.	Currently applicable to all s57 staff.	80%	0%			Currently applicable to all s57 staff / financial & capacity constraints /KPI is formally managed in the Office of the MM

Finance Department (Cont.)

KPA 5: Good governance and Public participation							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
	PMS Action Plans / PDP's	Corrective actions identified and applied as per PDP and assessment processes.	Letters/ Reports/ Progress Reports	In progress.	100%	0%			Beyond control of CFO /PMS managed by Office of the Municipal Manager

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Corporate Services

KPA 1: Local Economic Development							KPA Weight		5%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
5	Creating an enabling environment for economic development and increase related potentials to maximize economic opportunities of the Local Municipality by 2011	Creation of sustainable jobs to reduce unemployment by assisting with procurement for Departments with related internal job creation projects that require recruitment of % of temporary "participants".	Recruitment records per project/ Quarterly Report	Compliant with Provisioning / Recruitment Policy & project requirements (i.e. clean up projects/ sourcing of funding).	30%	Recruitment records per project/ Quarterly Report /assisting with procurement for Departments with related internal job creation projects that require recruitment of 30 % of temporary "participants".			

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Corporate Services (Cont.)

KPA 2: Service Delivery							KPA Weight		15%
IDP No.	IDP Objective	indicator of performance	measurement source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Review, Development, and/or updating of Municipal by-Laws.	By-Laws Analysis Reports and Implementation Strategy	Review/ develop/ update By-Laws	Capacity challenges; control & compliance with By-Laws attempted but require updating/ formulation.	Implementation Strategy /Prep. TOR, invite tenders, Bid evaluation process.(if required				Existing by laws in place / no review taken place
KPA 3: Municipal Transformation and institutional development							**KPA Weight**		**25%**
IDP No.	**IDP Objective**	**Indicator of Performance**	**Measurement Source**	**Baseline**	**Annual target**	**Actual Target**	**snapshot assess-ment (annual target)**	**Reason for variance/ Remedial Action**	**General Comment**
13	Improved human resource capacity of local government by 2011	% of critical vacant positions filled within organisation	No. of critical vacant posts filled vs. those unfilled	Structure finalised	80%	80% of funded vacancies filled			
13	To ensure appropriate use of HR for effective and efficient service delivery.	Reworked organogram/ organisational structure which takes into account functional needs	Completed and adopted organisational structure/council resolution	Existing structure currently under review and to be finalised	100%	Final. Organogram			Achieved

Corporate Services (Cont.)

KPA 3: Municipal Transformation and institutional development (Cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	To ensure appropriate use of HR for effective and efficient service delivery.	90% compliance with the employment equity plan in the 3 highest levels of management	quarterly reports	Under Development Employment Equity Plan & Report	90%	90%			Top management 1 BM Senior Management 1BF,1WM,2BM Professionals /Mid Management 6 BM,1WM,3AF
13	To ensure appropriate use of HR for effective and efficient service delivery.	Employment Equity Plan & Report (Legislated format reporting) Approved EE Policy	Employment Equity Report (Legislated EE report) and Employment Equity Policy and Plan	Annual Review to be completed. EE Plan but no policy approved	100%	EE legislated format completed & sent Equity Registry Dept. of Labour by 1 Oct			Statistical & categorization of employees requires to be reviewed

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Corporate Services (Cont.)

KPA 3: Municipal Transformation and institutional development (Cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	To ensure appropriate use of HR for effective and efficient service delivery.	Identified HR policies are reviewed and updated as required (HR Provisioning, Retention strategy (scarcity of skill), HR Development, EE Policy/Plan, Performance Management & any other deemed operationally necessary)	Completed and adopted HR Policies as deemed necessary for operational purposes.	Policies/Procedures outdated and/or non-existent	100%	Policies/ Procedures assessed & identified policies reviewed (recruitment & Selection, Leave policy & procedure)			
13	Good governance, effective administration and service delivery	The signed performance agreement of the S57 Managers.	Signed Performance Agreements for all managers	Performance Agreements to be signed annually	100%	Signed Performance Agreements for all managers			
13	To ensure appropriate use of HR for effective and efficient service delivery.	implementation of institutional PMS as per project plan	Quarterly Reports and reporting as per policy	Currently PMS only applicable to S57 managers	90%	Not Achieved			

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Corporate Services (Cont.)

KPA 3: Municipal Transformation and institutional development (Cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	WSP: Staff Development Capacitated staff within identified areas	Skills Audit need analysis/, WSP Plan updated/ Implementation report/s Level and degree of training conducted in terms of approved WSP Level and quality of reports submitted re-implementation and monitoring	Skills Audit Approved WSP Implementation Reports Skills Monitoring Reports	WSP to be developed/ updated Skills Monitoring Reports to be developed	100%	Staff Developed & Capacitated within identified areas Skills Audit WSP			
13	Training Committee	Training Committee meetings held quarterly	Minutes of Committee meetings, held quarterly	Not fully functional	100%	25%		Training Committee Not fully functional / currently form part of LLF	
13	WSP Budget	% of expenditure of the training/skills budget spent	Training report/implementation report/ statistics records of all training and workshop attendance, including costs of training implemented	WSP, Training Plan and Implementation Reports.	70%	100% Achieved			Total Training Budget : R243,816.00 Total Actual Training Spent : R354, 996.00 Total Levy Spent : R220,987.24 Mandatory Grant :R42,202.94

Corporate Services (Cont.)

KPA 3: Municipal Transformation and institutional development (Cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Corporate Services Staff	On-the-job and formal training provision for identified Corporate Services staff as per WSP and Management Planning	On-the-job training programmes / external capacity building programmes as per quarterly training plans	WSP in place (reviewed annually) Department to formally document training needs quarterly and update	90%	90% as per WSP and Management Planning	👍		
13	Labour relations management - to promote peace in the workplace.	Training provision for identified line managers on Disciplinary Enquiry Management as per quarterly targets	Legal compliance Records and outcomes minutes	Capacity shortfall. Discipline not managed by Line Depts. due to lack of training and experience	100%	100% Disciplinary training implemented	👍		
13	To protect the municipality from litigation -- Legal services	70% of litigations handled successfully	Report to Council Quarterly	Disciplinary case. Reports with outcomes	70%	Unknown no reported information provided by CSM	?		No record of any litigation
13	Audit Reporting	90% of Council Resolutions pertaining to Corporate Services handled as required (4 reports)	Quarterly Report to Council	No reporting currently	90%	40% no formal resolution register in place	👎	Resolutions register developed & put in place to monitor resolution implementation	

Corporate Services (Cont.)

KPA 3: Municipal Transformation and institutional development (Cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Local Labour Forum	LLF meet regularly (once per quarter).	LLF Quarterly reports	Functional LLF	100%	75%		Lack of quorum /strikes	
8	OHS Safety Management (OHS Act)	Safety Policy developed and applied as per approved strategy.	Monthly Safety Committee Meetings. Trained Safety Reps., Minutes of meetings, quarterly reports.	Legal requirement Promotion of safety in the workplace	90%	20% Trained Safety Reps.,			No regular Monthly Safety Committee Meetings. No structured Minutes of meetings, quarterly reports.
13	Strengthening Good Governance and effective administration	Staff meetings to be held quarterly and monthly with senior staff	Monthly meetings with senior staff & one meeting per quarter with all staff. Minutes/ attendance register	Take place as scheduled/ To be documented formally	100%	50%			Staff meetings held informally no formal record of meetings held & outcomes
13	Strengthening Good Governance and effective administration	Attendance at all Council and CSM Standing Committees	Attendance Register of meetings attended Meeting minutes	Schedule of meetings available annually	100%	1005%			

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Corporate Services (Cont.)

KPA 3: Municipal Transformation and institutional development (Cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Strengthening Good Governance and effective administration	Submission of half yearly and annual Departmental Reports	Monthly reports on SDBIP and CSM Departmental Reports(half yearly and annually)	Legislated reporting (Salary reviews/ leave/ appointments/ turnovers/ absenteeism etc.)	100%	Monthly reports are submitted to SC/Council but no input information is submitted i.t.o SDBIP reporting on performance targets & actual achievement	👎	SDBIP quarterly reporting not in required reporting template / Corporate Services statistical information not verifiable	Reporting requires to be structured / proper recording of Departmental Statistic

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Corporate Services (Cont.)

KPA 3: Municipal Transformation and institutional development (Cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Strengthening Good Governance and effective administration	Updated leave reports provided to internal departments quarterly	Quarterly leave report; monthly leave reports.	Leave records audited No formal reporting	100%	50% Quarterly leave report; monthly leave reports.		leave reports provided to internal departments /Leave audited / Policy and procedure implemented and Enforce implementation & compliance Policy and procedure Manage leave books re printed & issues minimized / leave form revised	Leave not managed and controlled as required / policy and procedure developed not implemented
13	Strengthening Good Governance and effective administration	Quarterly PMS & SDBIP Reports	PMS Reports - Quarterly SDBIP Quarterly Reports	No PMS Framework and reporting not timeous /quarterly SDBIP Reports	100%	No PMS Reports - Quarterly SDBIP Quarterly Reports submitted			
13	Strengthening Good Governance and effective administration	Response to departmental Risks Review Report Internal and External auditors	Reports indicating response to internal and external auditors	Response to Internal and External auditors	100%	10%			Risk profile developed /risks assessments not done no implementation

Corporate Services (Cont.)

KPA 4: Financial management and viability							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapsh ot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Improvement in the Financial Viability and Financial Management of local government; Address audits raised & progress clean audit reports by 2011	70% attainment of a clean audit (CSM), as per AG Report Implementation of previous Audit Plan re : Corporate Services	AG Report/ Progress reports /Strategy to address audit queries Audit Plan progress report for 2009/2010	Qualified Report	70%	70%			In progress leave remains to be raised as a audit query
13	Improvement in the Financial Viability and Financial Management of local government; Address audits raised & progress clean audit reports by 2011	Compliance with SCM policy (CSM Department) in respect of purchases, awards and expenditure	Bid reports/ awards/ contractors / appointments/ payments/ reports	unknown	100%	100%			
		Management Departmental Budget/ Expenditure by ensuring no over/under expenditure	Expenditure Report/ monitoring votes/ monthly reports	MFMA requirements	95%	95%			Managed through assistance of the CFO
		Strategy applied to deal with telephone usage and abuse	Monthly telephone printout of expenditure Recovery reports for private usage	Limited control by User Depts./ Staff abuse	80%	Monthly telephone printout of expenditure Recovery reports for private usage			

Corporate Services (Cont.)

KPA 4: Financial management and viability (Cont.)							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	To ensure appropriate use of HR for effective and efficient service delivery.	Dept. Stocktake completed quarterly, Updated Asset Inventory List, Annual Stock count.	Monthly maintenance of Dept. inventory lists /assets count	Stock take records available / No regular assets counts / Depts. are not consistently maintaining assets/ recording & updating inventory lists & listings available in each Dept. / assets register /New assets purchased not updated	100%	Monthly maintenance of Dept. inventory lists /assets count (listings available in each Dept.) / assets register/ New assets purchased by Depts. recorded & updated			Achieved with assistance from the Finance Dept.

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Corporate Services (Cont.)

KPA 4: Financial management and viability (Cont.)							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	To ensure appropriate use of HR for effective and efficient service delivery.	Leave records updated monthly and verified	Monthly reports/ leave taken / balances/ all statistical records monitors organisational attendance and reports thereon	Leave Policy and Procedure available	100% Monthly reports/ leave taken / balances/ all statistical records monitors organisational attendance and reports thereon	Improvement since previous financial year – leave audited annually by Delloite reports/ leave taken / balances/ statistical records monitors organisational attendance and reports thereon but this remains inconsistent no systems and controls in place		Put in place internal controls and information /Enforce implementation & compliance / electronic managed leave system to be considered and implemented	Leave policy & procedure adopted & workshopped to staff & unions / Policy not implemented & adhered to by staff & HOD`s

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Corporate Services (Cont.)

KPA 5: Good governance and Public participation (Cont.)							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Accountable and transparent programmes that lead to good governance, effective administration and public participation	CSM Departmental Annual Report	Departmental Annual report submission by 30 November 2009 & Council approval by 31 March 2010	Legislated Annual Requirement	100%	100%			2010 / 2011 In progress
13	To ensure appropriate use of HR for effective and efficient service delivery.	Populated and finalised PMS scorecard and signed PMS Agreements for direct reporting staff up Middle Management Level	Structured PM System Populated Scorecard Signed agreement Monitoring/ Evaluation of performance Legislative compliance	In progress but only applicable to S57 No PMS Framework available	100%	25%			Policy developed / roll out hindered by financial constraints
13	To ensure appropriate use of HR for effective and efficient service delivery.	HR Strategy approved and implemented as per plan	HR Strategy HR Implementation Plan	Not yet approved	100%	25%			HR strategy in progress
13	To ensure appropriate use of HR for effective and efficient service delivery.	Accurate and up to date Personnel filing system Audited Personnel Files	Personnel Filing audit results	Lack of internal controls and information and verification	100%	100%			
		Verified overtime, and leave data Pre-numbered payroll instructions	Pre-numbered payroll instructions	Overtime not managed & controlled /No pre-numbering of payroll	100%	80% overtime control has improved / payroll instructions now implemented		Overtime managed / lack of control form line Depts	

Corporate Services (Cont.)

KPA 5: Good governance and Public participation (Cont.)							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	To ensure appropriate use of HR for effective and efficient service delivery.	All new employees attend HR Induction Programme (Overview of Sakhisizwe)	New appointee familiarised with the Municipality by attendance of Induction Programme	Not available	100%	No Formal induction programme conducted		Formal induction programme developed	Done informally
13	To ensure appropriate use of HR for effective and efficient service delivery.	Appoints SP to assist with development of (SOP) /HR Procedure Manual for Recruitment & Selection - ensures alignment to Recruitment & Selection Policy	HR Procedure Manual reviewed	HR Procedure Manual for Recruitment & Selection - payroll/ benefits admin/EE/WSP planned for 2010/2011 Financial Year	100% (SOP) /HR Procedure Manual for Recruitment & Selection - ensures alignment to Recruitment & Selection Policy	100% 1 manual developed (Recruitment & Selection)			Payroll/ benefits admin/EE/WSP SOP manuals planned for 2010/2011 Financial Year unable to be conducted due to financial constraints

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Corporate Services (Cont.)

KPA 5: Good governance and Public participation (cont.)							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Implementation of Fleet Management Policy and Plan	Fleet Management Implementation Plan and Fleet Management System developed and implemented as per plan	Fleet maintenance schedule completed Updated log sheets Vehicles Roadworthy Certificates Service History Reports	Fleet management Policy not implemented No management of fleet occurring	100%	Fleet management Policy & Fleet Management Implementation Plan and Fleet Management System developed and implemented as per plan/quarterly report			
13	Manages Maintenance Contracts Letters of Appointment and Maintenance of Conditions of Service and related capacitation	Verify existence of Contract and Compliance with BC and SALGBC's Conditions of Service. Letters, contracts are drafted to regulate employment relationships to avoid legal complications. Establishment and implementation of Conditions of Service and capacitates staff in area of contract management.	HR monthly reports/ statistics/ capacity related on- the- job training reports /Quarterly reports / Administrative /legal compliance Efficient record keeping Regulated Employment relationship Conditions of Service applied consistently	Updated meeting schedules annually / Lack of cooperation from municipal officials re implementation	100%	Letters, con Compliance with BC and SALGBC's Conditions of Service tracts are drafted /			

Corporate Services (Cont.)

KPA 5: Good governance and Public participation (cont.)							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Effective functioning of Council and Committees & Institutional Meetings held in manner required in terms of legislative compliance	Council & SC Committee & Management Meetings support /Good quality reporting, minute taking and agendas and effective implementation of Council resolutions	Council Committee & Management Meetings held as per schedule, Meeting agendas distributed / quality control of council minutes/ agendas, ensuring legislative compliance and timeous implementation of council resolutions/ resolutions/ resolutions are kept in view through reporting by Managers/Effective implementation of Council Resolutions - Council and committee minutes distributed to Municipal Manager and HOD's 7 days after the Council or committee meeting	Updated meeting schedules annually / poor quality control of council minutes/ agendas, implementation of council resolutions not done timeously /resolutions are not kept in view through reporting by Managers/Follo wed up	100%	Meetings as per scheduled. Good quality reporting, minute taking and agendas/imple mentation of council resolutions not done timeously /resolutions are not kept in view through reporting by Managers/Follo wed up		Partially achieved : Agendas not always distributed within 7 working days / Resolutions taken ambiguous /poor quality control of council minutes/ agendas, implementation of council resolutions not done timeously /resolutions are not kept in view through reporting by Managers/Followe d up Fill the Committee Clerk Post / Capacity building / implementation of standards	Achieved : Meetings took place , some re scheduled - Required support provided to council/SC Meetings /Management Meetings (utilized CSM & HR Officer as council support due to the post of committee Clerk being vacant)

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Corporate Services (Cont.)

KPA 5: Good governance and Public participation (cont.)							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
	Document Management System	Management of institutional memory Review/Updated and current records and archives system (procedure manual for record keeping)	quarterly reports/ Project progress in addressing the review and updating of existing approved document management system /record keeping procedure manual	Document Management System required review and update	80% progress / Pre-pare ToR, Invite tenders, Bid Evaluation process (if required)	Partially Achieved (performed in-house)			Financial Constraints / assistance dorm Dept. Housing local govt & Traditional affairs

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IPED / COMMUNITY SERVICES									
KPA 1: Local Economic Development							KPA Weight		5%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
8	Promote Crime prevention strategies	Safety and Security and Crime Awareness Campaigns implemented as scheduled/planned.	Progress Reports/ reports from social needs cluster	Social Needs Cluster	100%	No reporting information provided by IPED Manager	?		
10	To create a safe and healthy environment by ensuring that land, natural resources and atmosphere are not contaminated.	Generation/creation of employment and possible income by facilitation of Greening Projects	Source possible funding/ Progress Reports	Limited funds	25%	100% Completed	☜		Funded DEDEA & DEAT funded 72 people employed of which the Majority of employed are youth and women. The project will run for two years.
5	To create an economic vibrant environment that is conducive to promoting SMME's development to halve unemployment by 2014.	Facilitate Charcoal Project & Implementation of Project	Monthly Progress Reports	Not fully functional	Facilitate Charcoal Project & Implementation of Project	32 contract staff employed (remuneration sponsored by CHDM)/	👍		Funded DEDEA & DEAT funded

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KPA 1: Local Economic Development							KPA Weight		5%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
5	Ensure that the LED strategy Plan is developed by the end of 2010. To create an economically vibrant environment that is conducive to promote SMME's development to halve unemployment by 2014.	Reviewed LED Strategy and Implementation Plan	Reviewed LED Strategy Plan & Implementation Plan	In progress but not complete.	100%	70% The review of the LED remains a challenge		Funding has been sourced from Thina Sinako project to review the LED strategy and SMME Data base. The output of this project will address the institutional arrangements in the LED unit.	Funding challenges / Data base grouping of SMME groupings hinders LED development as the Municipality is unable to support LED programmes and groupings. A Draft LED Staregy is avalible and is required to be finalised and implemented within the 2011/2012 financial year.

IPED / COMMUNITY SERVICES (Cont.)

KPA 1: Local Economic Development							KPA Weight		5%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
5	Ensure that the LED strategy Plan is developed by the end of 2010. To create an economically vibrant environment that is conducive to promote SMME's development to halve unemployment by 2014.	SMME Grouping Database created by Service Provider appointed for this purpose.	Contract Database. Service Provider.	No progress.	100%	Not achieved Funding Challenges / Data base grouping of SMME groupings hinders LED development as the Municipality is unable to support LED programmes and groupings.		Funding has been sourced from Thina Sinako project to review the SMME Data base groupings.	
5		Community Skills Audit completed. (SP appointed)	SP appointed. Skills Audit Completed.	No progress.	100%	0%		Funding has been sourced from Thina Sinako project	
5	To increase the economic spin-offs from forestry and timber related activities	Number of tourism establishments graded and registered with ECTB.	Report to council	unknown	5%	Tourism established /No project activity in Tourism /Not Achieved		Tourism projects require focus	No activity occurred in respect of tourism.
5	To create an economic vibrant environment that is conducive to promote SMME's development to halve unemployment by 2014.	Implementation of Tourism as per Tourism Sector Plan	Monthly Management reports and quarterly reports to Council	Service provider lacked capacity - little progress - lack of infrastructure	50%	0% no sector plans in place / marketing efforts and approaches to advertise the municipality generally were made with little formal focus on tourism itself.		Human resource capacity contributes generally towards the lack of progress and achievement within this area.	Little progress made within the tourism

IPED / COMMUNITY SERVICES (Cont.)

KPA 2: Service Delivery							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
6	Ensure establishment of sufficient social and recreational facilities for our communities by 2014.	Sportsfields Maintenance Programme developed and implemented in terms of funding availability for sportsfields and caravan parks	Implementation plan results /Quarterly reporting.	Shortage of staff. Not maintained efficiently - vandalised	100%	Sportsfields Maintenance Programme developed and implemented /monthly reports to SC/Council			Achieved as far as possible within Dept. staff resources / financial means - No formal plan in place -- basic maintenance performed as required --subject funding - vandalism is a challenge
6	Ensure establishment of sufficient social and recreational facilities for our communities by 2014.	Buildings and halls maintained as per maintenance plan.	Expenditure Reports Monthly Progress reports.	Ongoing - Maintenance ongoing Funding and capacity challenges	100%	Maintained per plan / monthly reports to SC/Council			

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KPA 2: Service Delivery							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
6	Ensure establishment of sufficient social and recreational facilities for our communities by 2014.	Progress in respect of maintenance schedules for parks, sidewalks and open spaces. Progress as per Maintenance Plan for grass cutting	Monthly reports on cleanliness to Standing Committee	Current Maintenance Programme, staff shortages, Insufficient funding	100%	Maintenance schedules for parks, sidewalks and open spaces. Implemented reports monthly on Progress as per Maintenance Plan for grass cutting			30 Temporary staff employed to assit with the required function / The municipality has solicited funding for the upgrading of parks and its open space The municipality has engaged a number young people to address the grass cutting and 100% on grass cutting of our parks and open spaces have been met and sustained s from DEAT./
6	Establishment and Maintenance of Cemeteries	All cemeteries maintained as per plan	Monthly reports to Standing Committees as per scheduled progress	Staff shortage Insufficient funding Environmentall y affected (frost, snow)	100%	cemeteries maintained as per plan /Monthly Reports			Temporary staff employed to assist with the required function

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IPED / COMMUNITY SERVICES (Cont.)

KPA 2: Service Delivery (Cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
6		Cemeteries established in Elliot & Cala - all cemeteries maintained as per plan	Monthly reports to Standing Committees as per scheduled progress	Funding to be obtained from MIG / No funding allocated in 09/10 FY	100%	Achieved / Monthly Reports			
6		Monthly updated burial registers	Verified and updated burial register Monthly reports	Poor control. Illegal burials.	100%	Burial Register developed not effectively updated and maintained. As a result illegal burials do occur.			

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KPA 2: Service Delivery (Cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
6	Maintenance of Public Open Spaces (commonages and pounds)	Progress to be achieved as per maintenance plan (commonages and pounds)	Monthly reports to Standing Committees re: Progress	Huge challenges - staff shortages and funding issues	100%	Commonages exist behind Ext 8 to 12 in Cala. Commonages fenced as per maintenance plans 2 formalized municipal pounds (1 Cala and 1 Elliot). Functioning at a very basic level Rangers appointed to impound stray animals and to facilitate the commonage maintenance process.		Establish commonage registers that will ensure effective management of the municipal commonages. Farms and suitable lands are procured for commonage users. Pounds: Fencing and ongoing maintenance a challenge due to the rural nature of this environment, the incidence of fencing theft .Challenges are experienced by the incidence of stray and roaming animals.	Financial constraints. Efforts to lobby for funding from the Department of Agriculture have to date been unsuccessful.

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KPA 2: Service Delivery (Cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
2	Reduce no. of households without sanitation services (backlogs) and to improve sanitation and refuse removal services	Refuse collection completed as per collection plan.	Monthly statistics/ Reports on Refuse Removal to management and Standing Committee	Current Removal Plan Improvements but not yet up to standard	Refuse collection completed as per collection plan / Monthly statistics/ Reports on Refuse Removal to management and Standing Committee	Refuse collection has improved/ 30 temps engaged to enhance human capacity & to extend the service to Masibambane, Old Location and Polar Park in Elliot. In Cala area the collection has improved In the CBD.		Procure required plant for the solid waste site./ Need for another refuse truck Rehabilitation of the solid waste sites Payment the service by the rate payers remains a challenge	Great challenges exist in respect of refuse removal The majority of households utilize their own refuse dump for solid waste disposal. The solid waste sites remain in a bad state and do not meet current standards.
3	To ensure that all Sakhisizwe communities have access to adequate housing by 2014.	Submit to application to Department of Human Settlements for the Development of Housing Sector Plan	Develop Housing Sector Plan and Submit to Department of Human Settlements	No Housing Sector Plan. No alignment	100%	100% Funding applications submitted DoH			
		Appoint Service Provider	Funded application, Service Provider contract. Communiqué between Department of Human Settlements & Sakhisizwe	No appointment.	100%	Department of Housing approved a service provider to assist in facilitation of applications.			The municipality has given its developmental role to the Department of Human Settlements due to a lack of human resource capacity;

IPED / COMMUNITY SERVICES (Cont.)

KPA 2: Service Delivery (Cont.)							KPA Weight		25%
IDP No.	**IDP Objective**	**Indicator of Performance**	**Measurement Source**	**Baseline**	**Annual target**	**Actual Target**	**snapshot assess-ment (annual target)**	**Reason for variance/ Remedial Action**	**General Comment**
		Visit Ward and report to Council	Attendance registers of visits. Reports to Council.	Ongoing. Reports to Council.	100%	100%			
3		Council approval and submit to DoH	Council Resolution. Submission to Department of Human Settlements	Ongoing. Reports to Council.	100%	100%			Target to be removed due to provincialisation
3		Meeting with WSA (Bulk Services) to ensure adequate service provision.	Minutes/ Attendance Register of meetings	Lack of Services and inadequate infrastructure.	100%	100%			
3	Housing: To ensure that all Sakhisizwe communities have access to adequate housing by 2014	Housing backlogs reduced by 80% in total through implementation of Housing Plan	Beneficiary allocations, and temporary allocation lists. Total no. of allocations per outstanding infrastructure challenges.	Backlogs/ Blocking of project by DHLGTA No development	80%	80% The total housing backlog is estimated to be 8250 (updated through the Housing Sector Plan); Small no of beneficiaries identified from an established data have had houses handed over		The Housing Data Base is still required to be updated and maintained monthly;/ Funding constraints and securing of funds remains a constant challenge; Slow progress by developers /funders impedes progress; Progress has generally been slow and the absence of a Housing Sector Plan does little to relieve this.	Dept of Human Settlements Competency. To be noted that there is no alignment of future Housing Projects to community needs. Many meetings have been scheduled and held with the Department of Human Settlements to be able to move forward.

KPA 2: Service Delivery (Cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Construct RDP houses in Elliot as per project plan.	Implementation/ Progress Report, Payments	Lack of Housing	80%	80% Noted in 2009/2010 FY it was indicated as a 1000 houses in 2010/2011 indicated as 1015 houses			Elliot Housing project 1 000 houses approved & funded by The Dept. approved a service provider to assist in facilitation of applications. The project which started in 2003, 1015 houses advertised & a main contractor has been engaged .Other houses which left unfinished by the main contractor were completed by sub-contractor under the supervision of the Department of Human Settlements and the Sakhisizwe Local Municipality.

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KPA 2: Service Delivery (Cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Construct RDP Houses in Cala as per project plan.	Implementation/ Monthly and Quarterly Progress Reports.	Lack of Housing.	Construct RDP Houses in Cala as per project plan 80% progress	50 houses handed over by the MEC			Noted : The greatest housing backlog is to be found within Cala Unit / approximately 837 units are informal structures
		Identified and approved new residential sites	Report to Council. Land transaction reports.	Current land shortages for residential sites	Increased by 10%	Identified and approved new residential sites			Identified and approved new residential sites

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IPED / COMMUNITY SERVICES (Cont.)

KPA 2: Service Delivery (cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
3	Application for additional housing sites	Submit funding applications to Department of Human Settlements	Funding application, Service Provider Appointment Proof of submission to SG	Ongoing. Reports to Council.	100%	100%			
3	Housing: To ensure that all Sakhisizwe communities have access to adequate housing by 2014	Appoint Service Provider (by Department of Human Settlements)	Appointed Service Provider. Contract. (Department of Human Settlements)	No capacity internally	100%	0% The Department of Housing approved a service provider to assist in facilitation of applications.			
3	Housing: To ensure that all Sakhisizwe communities have access to adequate housing by 2014	Housing Sector Plan	Approved Housing Sector Plan	Not approved	100%	Absence of a Housing Sector Plan		No alignment of future Housing Projects to community needs.	
8	Promote, implement and maintain security and safety in all communities of Sakhisizwe.	Compliance with OHS at Traffic Station as per OHS Implementation Plan	Compliance with OHS Policy+ Plan, attendance at safety meetings, safety inspection, accident reports	In progress, little compliance.	100%	Compliance not managed and monitored		Compliance with OHS Policy+ Plan to be implemented	

IPED / COMMUNITY SERVICES (Cont.)

KPA 2: Service Delivery (cont.)							KPA Weight		25%
IDP No.	**IDP Objective**	**Indicator of Performance**	**Measurement Source**	**Baseline**	**Annual target**	**Actual Target**	**snapshot assess-ment (annual target)**	**Reason for variance/ Remedial Action**	**General Comment**
8	Promote, implement and maintain security and safety in all communities of Sakhisizwe	Control of eNatis at Test Station. Turnaround strategy developed and applied for Traffic filing system compliance.	Administrative financial/ statistical reporting. Compliance with traffic filing system interventions & turnaround strategies to improve compliance. Monthly & quarterly performance reporting.	Lack of control and management	Turnaround Strategy developed and Implementation Plan	**The status quo remains** /document management and controls within this area are extremely poorly handled and this raises huge concerns especially in respect of legislative compliance issues Policies, procedures and strict control measures are required to be put into place to ensure that this section functions in a competent manner and is able to provide required services.		Turnaround Strategy developed and Implementation /strict control measures are required to be put into place to ensure that this section functions in a competent manner and is able to provide required services	Validity of Reports that are generated to the Department of Transport form the Traffic is seriously questioned as staff is unable to draw reports or provide any information on related statistics. Both the e-Natis and the testing / law enforcement side operations are not effective and unable to be verified.

KPA 2: Service Delivery (cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Coordinate the functioning and Governance of the Traffic Department.	Reviews and updates traffic manuals. Manuals purchased through SCM. Monthly updates completed re-personnel files and reports.	Reviewed manuals, purchase through SCM. Updated personnel files and reports and updates monthly. SCM documents. Expenditure Reports.	Poor management Lack of control. Manuals require review.	Reviews and updates traffic manuals. Manuals purchased through SCM. Monthly updates completed re-personnel files and reports. /100%	0% great deficiencies in the functioning and reporting within this area remain and are to be addressed.		Reviews and updates traffic manuals. Manuals purchased through SCM.	
13	Coordinate the functioning and Governance of the Traffic Department.	Control and management of learners licenses, drivers' licenses and road worthy's / full compliance with Road Traffic Act Records, statistics and records of cost implications updated monthly	Quotations / purchases / payments to suppliers / report on upgrade	Poor management and lack of controls	100%	25%			

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IPED / COMMUNITY SERVICES (Cont.)

KPA 2: Service Delivery (cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Traffic	Testing terrain upgraded as per project plan.	Terrain upgraded as per project plan.	Poor testing terrain	100%	100%			Testing terrain upgraded as per project plan. / Test station has been refurbished
		Traffic signs replaced and erected as per project plan	Quotations / purchases / payments to suppliers / maintenance schedules and reporting monthly and quarterly.	Insufficient funds/ lack of traffic signage	100%	Traffic signs replaced and erected as per project plan			
9,13, 6	Facilitate problem of quality education. Ensure establishment of sufficient social and recreational facilities for our communities by 2014.	Development of Policy and Procedures for utilization of pre-schools and community halls.	Pre-schools Policy and Procedures. Community Halls Policy and Procedures.	Control and Policy required	100%	50% Agreements in Place - Engaging with users to develop policy for utilization of pre-schools and community halls.			
6	Ensure establishment of sufficient social and recreational facilities for our communities by 2014.	Addressing the social needs of the community through attendance of social cluster meetings and implementation plans- improving public access to social services.	Progress Reports/Reports from social needs cluster	Social Needs Cluster	Addressing the social needs of the community through attendance of social cluster meetings and implementation/ Progress Reports/Reports from social needs cluster	Attendance of social cluster meetings and implementation/ Progress Reports/Reports from social needs cluster			

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IPED / COMMUNITY SERVICES (Cont.)

KPA 2: Service Delivery (cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
7	To provide comprehensive integrated health services through PHC.	Management of PHC & promotion of Health Care	Manage PHC and attend HIV/AIDS meetings. Minutes and quarterly reporting.	Functioning to a degree	100%	Target to be removed function provincialized			
		Lobby stakeholders through establishment of community forums.	Establish Community Forums. Reports to Council.	Ongoing.	80%	Target to be removed			Target to be removed function provincialized
		Policy on Hawker Control	Develop a policy on Hawker Control	No policy	100%	Capacity of staff to develop policy Capacity of staff and access to updated and accurate data Operational Budget (lack of funds)	👎	Policy on Hawker Control	Develop a policy on Hawker Control
		Business Licenses	Submission of Business Licenses. Monthly reports.	No proper control of business licenses issued.	100%				

100%

IPED / COMMUNITY SERVICES (Cont.)

KPA 2: Service Delivery (cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
6	Ensure establishment of sufficient social and recreational facilities for our communities by 2014.	Library Service Level Agreement	Library Service Level Agreement	No SLA in place.	100%	SLA signed /Two (2) libraries are being managed one in Elliot and one in Cala. The Department of Sports, Arts and Culture provide funding for two Interns.			
		Library forum meetings occur as scheduled (quarterly)	Minutes of Forum Meetings (1 per quarter)	Not fully functional.	100%	Library forum meetings do not occur as scheduled (1 per quarter)		Library forum meetings occur as scheduled (quarterly)	
		Database of Library users is verified, updated monthly, to ensure accuracy of information and statistics	Completed database questionnaire. Updated and verified database. Monthly statistic and updates. Quarterly report to management	Unreliable database	100%	Monthly statistic and updates. Quarterly report to management			

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IPED / COMMUNITY SERVICES (Cont.)

KPA 3: Municipal Transformation and institutional development							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Strengthening Good Governance and effective Administration -Staff	Staff meetings with departments held quarterly. Management meetings held monthly.	Minutes/ attendance register of departmental staff meetings and monthly management meetings	Not taking place as scheduled due to operational requirements. To be documented formally.	100%	Meetings held informally no documentary evidence that meetings were held quarterly. Management meetings are held monthly.			
		Corrective actions on processes taken as per Action Plan	Reports/ progress reports	Reporting on resolutions actioned.	100%	IPED resolutions implemented			No formal register to monitor implementation
13	IPED/Community Services Standing Committees	Standing Committee meetings attended as scheduled.	Attendance Register of meetings attended.	Schedule of meetings.	100%	100%			
13	Capacity Building and Training	Training needs factored into WSP for IPED and Community Services/	Training implementation reports; Training Needs Analysis	Absence / lack of required skill	70%	Training needs factored into WSP for IPED and Community Services			
		Training provided to staff as per Training Plan. 80% of budget spent on training of staff.	Training Expenditure Reports; Training Implementation Reports	More coordinated training required	80%	Training implemented as per WSP Plan			

IPED / COMMUNITY SERVICES (Cont.)

KPA 3: Municipal Transformation and institutional development (Cont.)							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Reporting	Monthly SDBIP Reporting; Monthly Departmental Reports	Monthly reports on SDBIP & Departmental Reports	Legislated reporting	100%	No structured SDBIP reporting not done in required template/ only monthly Departmental reporting		Structured SDBIP reporting to occur as legislated	No structured SDBIP reporting not done in required template/ only monthly Departmental reporting
10	To create a safe and healthy environment by ensuring that land, natural resources and atmosphere were not contaminated.	Refuse plant and equipment serviced as per service schedule	Monthly report to management and quarterly performance report to Council	Servicing not adequate	90% of schedule	30%			
7	To provide comprehensive integrated health services through PHC.	Manage PHC by attending and managing HIV/AIDS meetings	Attendance register Minutes of HIV/AIDS meetings Monthly management meeting and Quarterly Council meetings	Ongoing. Inadequate service provision.	100%	Target to be removed function provincialized			Target to be removed function provincialized

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IPED / COMMUNITY SERVICES (Cont.)

KPA 4: Financial Management and viability							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Community Services Department Audit Report - Local government to obtain clean audit reports for 2011	70% attainment of a clean audit be applying the provisions of the Audit Plan	AG report/ progress reports / Strategy to address queries	Qualified report	70%	25%			
13	Improvement in the Financial Viability and Financial Management of local government	Compliance with the SCM policy by correct drafting of Tender Specs; Bid Reports, Awards, Appointments; Payments	Bid reports/ awards/ contractors appointments/ payments/ compliance report.	Unknown	100%	Compliance not fully achieved			
		95% expenditure on operational votes	Expenditure report; monitoring votes/monthly reports	MFMA requirements	95%	95%			
		95% expenditure on Capital votes	Expenditure report; monitoring votes/monthly reports	MFMA requirements	95%	95%			
		Provide updated reports on the collection of monthly rental for the lease of sportsfields	Monthly reports to Finance on rental collections	MFMA requirements	100%	Reports on the collection of monthly rental for the lease of sportsfields not provided			

IPED / COMMUNITY SERVICES (Cont.)

KPA 4: Financial Management and viability							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Submission of quarterly reports on PHC to Province regarding expenditure	Quarterly expenditure reports to Province. Monthly expenditure reports	Reports provided	100%	Target to be removed function provincialized			Target to be removed function provincialized

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IPED / COMMUNITY SERVICES (Cont.)

KPA 5: Good governance and Public participation							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Accountable and transparent programmes that lead to good governance, effective administration and public participation	CSSM and IPED Department Annual Report prepared for 2009/2010	Departmental Annual report submission 30 November 2010 & Council approval 30 January 2011	Legislated Annual requirement	100%	Achieved			
	Performance Management	Performance Management applied as per PMS approved policy and quarterly milestones by conducting assessments and evaluations.	Assessment and evaluation reports.	In progress. Only applicable to s57 employees.	100%	0%			PMS not functional since 2008/2009 FY
		Populate and finalise PMS scorecard and sign PMS Agreement for s57 manager and applicable staff as per roll out requirements.	Structured PM system Populated scorecard Signed Agreement Monitoring/ Evaluation of Performance Legislative compliance	In progress. Only applicable to s57 employees.	100%	Scorecards & PMS agreements populated and finalised for s57 manager			
		Performance Management and scorecards cascaded to middle management level	Letters/ reports/ scorecard/progress reports.	In progress. Only applicable to s57 employees.	100%	0%			Capacity/Financial constraints

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IPED / COMMUNITY SERVICES (Cont.)

KPA 5: Good governance and Public participation							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Corrective actions on processes / PDP - reflected in Action Plan	Letters/ reports/ progress reports as per required action plans from evaluations.	In progress. Only applicable to s57 employees.	100%	0%			
6	Ensure establishment of sufficient social and recreational facilities for our communities by 2014.	Updated lease agreements for sportsfields	Lease agreements updated	Lease agreements require review	100%	100% Lease agreements updated			
2	To ensure that communities have access to appropriate and adequate waste management.	Pro-active Waste Management Plan	Approved Pro-active Waste Management Plan	No Plan - poor management	100%	The municipality has engaged service providers to develop a waste management plan			The two solid waste (Elliot & Cala solid waste sites) at the stage are not registered and it's not legally, as indicated above the intension of applying for a grant from MIG is address the state of the sites. The waste management plan is packaged in the same application

KPA 5: Good governance and Public participation							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Landfill Site Plan produced as per GRAP compliance	Landfill Site Plan	No plan in terms of GRAP compliance	100%	The municipality has engaged service providers to register two waste management sites in our MIG MIS			
		Waste Management By-Laws developed and approved with Implementation Plan	Waste Management By-Laws approved. Implementation Plan approved	By-Law to be developed No implementation Plan	100%	0% Financial constraints			

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TECHNICAL SERVICES

KPA 1: Local Economic Development							KPA Weight		5%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Sustainable development.	Capital MTEF: Draw up Capital plan for next MTEF period. Align with Council's priorities for sustainable development	Quarterly Report	Annual requirement	100%	100%			
5	To create an economically vibrant environment that is conducive to promote SMME's development to halve unemployment by 2014.	Address sustainable development by engaging in outreach programmes to identify community's needs as per project plan.	Meeting with Outreach meetings /Mayor and list of identified community needs. Meeting minutes. Quarterly reports to Council.	Ongoing. Community needs to be prioritized.	100%	100%			
5		Prioritized projects identified and implementation plans developed to achieve targets.	Identified projects approved for implementation.	Prioritization of needs in progress but limited funding	100%	100%			
5		Ensure Service Providers for projects implemented are appointed before start of new financial year	Tender Tor, Tender advertisement, tender documents/ quotes/ Bid documents, Service Providers appointment, quarterly reports	Availability of suitable SP and financial limitations.	100%	Not fully Achieved before start of new financial year			

TECHNICAL SERVICES (Cont.)

KPA 1: Local Economic Development (cont.)							KPA Weight		5%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
5	To create an economic vibrant environment that is conducive to promote SMME's development to halve unemployment by 2014	Generation/ Creation of employment and possible income as per NDGP (2016) vision.	Employment contracts	Limited funding	100% June 2010	100%	👍		Failure to understand DPW method of reporting
13		Expedite report from service provider and Council presentation	SP report /attendance register/ letters re: invitation of presentation	Ongoing	100%	100%	👍		
13		Design & tender for minor infrastructure	Tender documents/ appointments/ SLA's / Progress reports/ letters	Ongoing	100%	100%	👍		
13		Movement of funds from Capital Grant to Technical Assistance.	Monthly Finance Reports	Annually	100%	100%	👍		
10	To create a nice and healthy environment by ensuring that land, natural resources and atmosphere are not contaminated.	Detailed planning and implementation plan to address land constraints issue.	Implementation Report	Ongoing	100%	25%	👍		
	EPWP	Ensure ongoing participation in EPWP	Report on participation (monthly progress and quarterly reporting.	Ongoing	100%	100%	👍		

TECHNICAL SERVICES (Cont.)

KPA 2: Service Delivery							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
4	To ensure that all public amenities and communities have access to electricity by 2011	Replace meters and service connections as per Project Plans to upgrade networks	Monthly and quarterly statistical reports on electricity losses/ Implementation strategy/ Programme to reduce losses/ Progress reports	Limited funding/ poor electrical infrastructure	100%	100%			Currently, the Sakhisizwe Municipality electricity nodes are sitting at 90% (high quality). The remaining 10% which includes areas such as Phindela, Lower Lanaganci, Mthingwevu Farms, Mnxe Extensions and Mchewula Administrative Area all appear in the IDP 2011/2012 for implementation by both Sakhisizwe LM as well as Eskom roll out plan.

KPA 2: Service Delivery							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comme nt
4	To ensure that all public amenities and communities have access to electricity by 2011	Establish database records of statistics and baseline information of electricity sold; losses (faults recorded); New connections and serviced and replaced meters.	Electricity Database information verified and updated monthly	Inaccurate or no information	100%		?		
4	To ensure that all public amenities and communities have access to electricity by 2011	Installation of Bulk Meters to determine electricity losses, and reduce theft. Losses to reduce by 20%.	Statistical reports on electricity losses/ Implementation strategy/ Programme to reduce losses/ Monthly and quarterly progress reports.	Limited funding	100%		?		
4	To ensure that all public amenities and communities have access to electricity by 2011	Maintains streetlights as per Maintenance Plan	Progress Report	Poor streetlight infrastructure	100%	Streetlights maintained as per Maintenance Plan/monthly reporting to SC/Council	?		

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TECHNICAL SERVICES (Cont.)

KPA 2: Service Delivery							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comme nt
4	To ensure that all public amenities and communities have access to electricity by 2011	Services transformers according to maintenance plan	Monthly maintenance Progress Report	Ageing Infrastructure	100%	Transformers Serviced according to maintenance plan			
4	To ensure that all public amenities and communities have access to electricity by 2011	Free Basic Services Provision as per roll out plan	Monthly Progress Report on Free Basic Service Roll out Plan	Roll out targets to be met.	100%	Free Basic Services (Electricity) Provision as per roll out plan			
1	To ensure that all public amenities and communities have access to electricity by 2011	Ensures that electricity complaints are recorded and processed effectively.	Monthly progress reports and statistics	Ongoing attempts to improve service delivery / customer satisfaction.	100%	Electricity complaints are recorded and processed effectively			
	To provide sustainable functional internal and access and proclaimed road network be 2011	Provide adequate stormwater control and safe walkways in rural areas as per Project Plan	Project Progress Reports	inadequate/ poor roads	100%	10%			
		Appointment of consulting engineers	Appointment contracts	Lack of capacity	100%		?		
		Design & documentation approved for roads, access roads, pavements, bridges & stormwater	Approved documentation and Plans	Planning required	100%		?		

TECHNICAL SERVICES (Cont.)

KPA 2: Service Delivery (cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Appointment of contractors	Contracts of appointment	Lack of capacity	100%		?		
		Stormwater Master Plan approved and functional	Approved Stormwater Master Plan	Not available	100%	100%	👍		
		Construction to occur as per project planning	Project progress reporting - monthly	Poor infrastructure	100%	25%	👍		
1	Ongoing Construction and Maintenance of Roads	Construction and maintenance of roads in wards as per approved project plans	Quotations / purchases/ payments to suppliers/ maintenance schedules, Project Progress Reporting	Poor road infrastructure	100%	25%	👍		
1	Material Purchases	Purchase Stormwater pipes and material (ongoing - on a need basis - within prescribed budget limit for Financial Year)	Monthly expenditure reports, Monthly operational reports	Lack/ poor stormwater infrastructure	Purchase Stormwater pipes and material Ongoing (Need Basis)		?		No reporting information provided
1	Surfacing of roads/ Pothole maintenance	Resurfacing of roads and pothole maintenance as per Project Plans	Quotations/ Purchases / Payments to suppliers/ maintenance schedules. Monthly progress reports.	Poor/ deteriorated surfacing of roads	Resurfacing of roads and pothole maintenance as per Project Plans		👎		

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TECHNICAL SERVICES (Cont.)

KPA 2: Service Delivery (cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
1	Construct gravel access roads with relevant stormwater drainage Provision of permanent surfacing of roads	Construction of gravel access roads with relevant stormwater drainage in identified wards.	Quotations/ Purchases / Payments to suppliers/ maintenance schedules	Limited access roads to villages for communities to reach services	100%	100%	☜		
1	Roads Master Plan	Roads Master Plan approved and functional	Approved Roads Master Plan	No plan	100%	100%	👍		
1	Roads Projects - apply the following processes	Appointing consulting engineers	Tender specs/ Advert/ Bid award/ Bid Minutes/ Council approval	Lack of capacity	100%		?		No reporting information provided
		Design & documentation approved for each project	Design documents approved Project plans approved	Planning required	100%		?		No reporting information provided
		Appointment of contractors	Appointment contractors	Lack of capacity	100%		?		No reporting information provided
		Construction of roads as per Project Plans	Quotations/ Purchases / Payments to suppliers/ maintenance schedules Monthly progress schedules	Poor infrastructure	100%		?		No reporting information provided

TECHNICAL SERVICES (Cont.)

KPA 2: Service Delivery (cont.)							KPA Weight		25%
IDP No.	**IDP Objective**	**Indicator of Performance**	**Measurement Source**	**Baseline**	**Annual target**	**Actual Target**	**snapshot assessment (annual target)**	**Reason for variance/ Remedial Action**	**General Comment**
1	Purchase of tools/ Equipment Enhance Service Delivery	Purchase Tools/Equipment (by implementing supply chain processes) to enable transporting officials to working site and the maintenance and construction functions to take place as per capital project specifications.	Tender specs/ Advert/ Bid award/ Bid Minutes/ Council approval/ proof of purchase (tools/ equipment/payments)	Shortage of tools/ Equipment	100%	100%	👍		
10	Building plan & TP approvals	Building plan applications approved within 2 months	Building Plan approvals/ Payments / Reports to Standing Committee	Absence of Building Control Officer	100%	Satus not reported	?	DBSA appointed Town Planner to provide the required assistance to ensure that building plans are approved timeously and effectively.	

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TECHNICAL SERVICES (Cont.)

KPA 2: Service Delivery (cont.)							KPA Weight		25%
IDP No.	**IDP Objective**	**Indicator of Performance**	**Measurement Source**	**Baseline**	**Annual target**	**Actual Target**	**snapshot assess-ment (annual target)**	**Reason for variance/ Remedial Action**	**General Comment**
		Subdivisions of informal sites : formalization of Housing	Subdivisions to commonage to accommodate Housing: Service Provider to obtain SG approval	Informal sites	100%	Satus not reported	?	DBSA appointed Town Planner to provide the required assistance to ensure that building plans are approved timeously and effectively.	Non-availability of Town Planning budget Non-compliance of citizens to Town Planning legislations & procedures No proper storm water drainage system (WMP not in place) Non-registration of property ownership (resulting in financial loss for the Municipality).
10	To create a safe and healthy environment by ensuring that land, natural resources and atmosphere are not contaminated	Audit land: Service Provider to survey & submit report to define way forward in respect of land audit of land encroachments	Land Audit Report	No land audit	100%	Satus not reported	?		SP appointed & Land Audit in progress (commenced in 2008/2009 FY)

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TECHNICAL SERVICES (Cont.)

KPA 2: Service Delivery (cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
2	To ensure that all Sakhisizwe communities have access to clean water by 2014	Establish Database on Water Management and Operations	Water database on Water Management and Operations Customer Survey Questionnaire responses	No database	80%	40%			
		Complaints Register and increase in response time	Updated Complaints Register	No register customer unhappiness	100%	Complaints Register and increase in response time			
		Service Level Agreement approved between CHDM and Sakhisizwe	Service Level Agreement signed	No Service Level Agreement	100%				
		All faulty water meters to be replaced	Monthly Progress Reports	Ageing Infrastructure	100%	100%			
2	To ensure that all Sakhisizwe communities have access to appropriate and adequate sanitation by 2014	Establish database on Sewerage Management	Sewerage Management Database Quarterly Progress Reports on development of database	No measurement	100%	25%			

TECHNICAL SERVICES (Cont.)

KPA 2: Service Delivery (cont.)							KPA Weight		25%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Complaints Register monitoring and control re-faults, sewerage blockages, VIP blockages and new sewerage connections	Complaints Register Statistical Reports Monthly activity reports	No measurement	100%	Complaints Register monitoring and control re-faults, sewerage blockages, VIP blockages and new sewerage connections			
		Manage health hazards by purchasing and applying bacteriological inoculants to improve breakdown	Monthly Progress Reports	Inadequate/ inefficient treatment of sewerage	Manage health hazards by purchasing and applying bacteriological	100%			

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TECHNICAL SERVICES (Cont.)

KPA 3: Municipal Institutional Development Transformation							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Improved human resource capacity of local government by 2011	80% of critical vacant posts filled within department	No. of actual critical vacant posts filled vs. those unfilled. Departmental motivations to fill posts.	Structure finalised	80%	80% of funded post filled			
		Drive to recruit trade tested Electrical Assistants and Superintendents	Progress reports/ Appointments	Staff shortages / scarcity of skills	100%	scarcity of skill / re engaged pensioner appointed (x1)			
		Staff capacitated through planned expenditure on training/skills budget	Quarterly training/skills, monitoring reports 70 % expenditure of Training Budget	Workplace Skills Plan approved and training required to be implemented	70%	Staff capacitated through planned expenditure on training/skills budget			
13	Strengthening Good Governance and effective Administration	Council/Committee Reports for Technical Related meetings held (Council and Standing Committee for Technical Services) as per schedule, submitted timeously as per format.	Reports to Council-Minutes / Attendance Registers for related Council and Standing Committee Meetings	Not taking place as schedules due to operational requirements. To be documented formally	100%	100%			

TECHNICAL SERVICES (Cont.)

KPA 3: Municipal Institutional Development Transformation (Cont.)							KPA Weight		20%
IDP No.	**IDP Objective**	**Indicator of Performance**	**Measurement Source**	**Baseline**	**Annual target**	**Actual Target**	**snapshot assess-ment (annual target)**	**Reason for variance/ Remedial Action**	**General Comment**
13		Attending of Technical Services Standing Committee by Technical Services representative	Attendance Register and minutes	Attendance occurs	100%	100%			
13		Hold monthly senior management meetings and quarterly Technical Services staff meetings	Attendance Register and Minutes and agenda of meetings.	Minutes issued but resolutions not always actioned.	100%	Informal meetings held no documentary evidence to validate meetings			
13	Reporting	Provision of monthly performance reports to management and quarterly to Council re: SDBIP	Quarterly reports on SDBIP & Departmental reports monthly.	Legislated reporting	100%	No structured SDBIP reporting not done in required template/ only monthly Departmental reporting		Structured SDBIP reporting to occur as legislated	No structured SDBIP reporting not done in required template/ only monthly Department al reporting

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TECHNICAL SERVICES (Cont.)

KPA 3: Municipal Institutional Development Transformation (cont.)							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
5	Spatial Development	Facilitate implementation of Spatial Development Framework as per implementation plan	Monthly, Quarterly Progress Reporting	Effective Implementation of framework required	implementation of Spatial Development Framework as per implementation plan	100%			The SDF was developed by (Umhlaba consultants). The SDF was approved for proclamation in February 2006. Main strategy is to develop effective and uniform Land Use Management Systems. Sakhisizwe SDF Reviewed filling the gaps identified in 2006 SDF. SDF Review is prioritised to be listed as IDP 2009/10-2010/11 Project

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TECHNICAL SERVICES (Cont.)

KPA 3: Municipal Institutional Development Transformation (cont.)							KPA Weight		20%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Develop Land Use Management Plan and Land Settlement Plan	Land Use Management Plan Land Settlement Plan	Not yet in place Assistance with IPED	Develop Land Use Management Plan and Land Settlement Plan				
11	Disaster Management - Developed of and integrated and sustainable disaster management plan	Develop Disaster Management Plan with CHDM and Provincial Government	Approved Disaster Management Plan	Lack of an integrated approach to disaster management. Funding challenges.	70%	Municipality is making use of the Chris Hani Disaster Management Framework./ Municipal representatives have been chosen to sit on the Disaster Management Forums as this is a District competency		Municipality to develop its own framework. With assistance of CHDM	No integrated approach to disaster management and funding challenges remain and prevent targets from being achieved. Municipal

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TECHNICAL SERVICES (Cont.)

KPA 4: Financial Management and viability							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Community Services Department Audit Report - Local government to obtain clean audit reports for 2011	70% attainment of a clean audit by applying the provisions of the Audit Plan.	AG report/ progress reports / Strategy to address queries as per audit plan.	Qualified report	70%	70%			
13	Improvement in the Financial Viability and Financial Management of local government	Compliance with the SCM policy by correct drafting of Tender Specifications; Bid Reports, Awards, Appointments; Payments	Bid reports/ awards/ contractors appointments/ payments/ reports	Unknown	100%	80%			All processes not fully compliant
13		95% expenditure on operational votes	Expenditure report; monitoring votes/monthly reports	MFMA requirements	95%	95%			
13		95% expenditure on Capital votes	Expenditure report; monitoring votes/monthly reports	MFMA requirements	95%	95%			

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TECHNICAL SERVICES (Cont.)

KPA 5: Good Governance and Public Participation							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
13	Accountable and transparent programmes that lead to good governance, effective administration and public participation	TS Department Annual Reports and Oversight report submitted timeously and within correct format	Departmental Annual Report submission by 30 November 2009 & Council approval by 31 March 2010	Legislated Annual requirement	100%	100%			
13	Performance Management	Performance Management applied as per PMS approved policy and quarterly milestones by conducting assessments and evaluations.	Assessment and evaluation reports.	In progress. Only applicable to s57 employees.	100%	0%			PMS not functional since 2008/2009 FY
		Populate and finalise PMS scorecard and sign PMS Agreement for s57 manager and applicable staff as per roll out requirements.	Structured PM system Populated scorecard Signed Agreement Monitoring/ Evaluation of Performance Legislative compliance	In progress. Only applicable to s57 employees.	100%	Scorecards & PMS agreements populated and finalised for s57 manager			
		Performance Management and scorecards cascaded to middle management level	Letters/ reports/ scorecard/progress reports.	In progress. Only applicable to s57 employees.	100%	0%			Capacity/Financial constraints

KPA 5: Good Governance and Public Participation							KPA Weight		15%
IDP No.	IDP Objective	Indicator of Performance	Measurement Source	Baseline	Annual target	Actual Target	snapshot assess-ment (annual target)	Reason for variance/ Remedial Action	General Comment
		Performance Management applied as per PMS approved policy and quarterly milestones by conducting assessments and evaluations.	Assessment and evaluation reports.	In progress. Only applicable to s57 employees.	100%	0%			PMS not functional since 2008/2009 FY

DISCLAIMER: SOME OF THE INFORMATION THAT IS CONTAINED WITHIN THE S46/SDBIP REPORT CANNOT BE VERIFIED. THERE HAVE BEEN CONFLICTING STATISTICS PROVIDED AND IN CERTAIN INSTANCES LIMITED INFORMATION HAS BEEN FORTHCOMING.

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SECTION 46 2009/2010 FINANCIAL YEAR (PROJECTED TARGETS AND ACTUAL TARGETS FOR THE PRECEDING YEARS)

Note: The s46 report has not been written in the manner prescribed as certain critical information remains unavailable. Since 2008-2009 (due to the absence of formal performance reporting) no information is available that would allow for the presentation of projected and actual performance targets and actual performance. As such this s46 template has been modified and only actual performance is reflected for 2010-2011. The s46 for 2009-2010 has been attached for reference purposes. Detail on targeted and actual performance is provided for this period and may be used as historical data for the 2010-2011 s46 report that was unable to depict this data.

	Vision	VISION: "To be a democratic transparent Municipality that provides affordable and sustainable services that meet the expectations of the community. Provide a climate to attract investment in order to enhance local economic, job creation, improvement of the quality of life and security for all Sakhisizwe Residents. To participate in provincial and national development programmes.
	Mission	MISSION: "The mission of Sakhisizwe Municipality is to achieve its vision ,through: - Encouraging public participation, Developing sufficient human resources capacity, Developing of infrastructure,· Economic empowerment and skills development, Identifying economic potential and developing business opportunities,· Co – operation with provincial and national Government

KPA 1: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

IDP No.	IDP Objective (*)	indicator of performance	target	measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Review and ratification of organizational structure	Reviewed organogram / organizational structure which takes into account functional needs	100%	Completed and adopted organizational structure	Existing structure requiring review	Inputs and Consul-tation	In progress	Develop Struc. Council approval.	In Progress	Imple-mented Structure	Not implemented			Achieved	Structure reviewed - council will require further review to align the structure according to good structural principles -- completed 2nd quarter 2010/2011

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KPA 1: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION (Cont.)

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Organizational Policy Reviews	Identified organizational policies (governance, HR and operational areas) are reviewed and updated as required. Organizational and Financial Policies reviewed and updated	100%	Completed and adopted Policies as indicated	Policies outdated or non-existent	Policies Assessed	Achieved	Appointment of Service Providers	Appointed	Presentations & Workshops on draft policies/ LLF consultation	Achieved	Approved policies and implementation	Achieved	Achieved	All HR, Budget and Institutional policies identified reviewed/ developed and approved in August and November 2009.
	Staff Development. Capacitated staff within identified areas.	Skills Audit Report; WSP. Level and degree of training conducted in terms of approved WSP Level and quality of reports submitted re-implementation and monitoring	70%	Skills Audit Approved WSP Implementation Reports Skills Monitoring Reports	WSP to be developed Skills Audit to be completed Skills Monitoring Reports to be developed	Skills Audit WSP	Achieved	Implementation Reports	Achieved	Implementation reports	Achieved	Required Reports	Achieved	Achieved	WSP developed. Skills Audits completed and submitted. 70% training targets achieved. Implementation Reports. WSP Budget met.

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KPA 1: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION (Cont.)

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Training Committees	ToR reviewed for Training Committee and one Training Committee meeting held per quarter	100%	ToR Meeting minutes Reports to Management and Council	ToR for review Meetings not held regularly and reports not submitted as required	25%	5%	50%	10%	75%	10%	100%	10%	Not Achieved	Commitment for 2010/2011.In the 1st Quarter meetings not held due to strike and in the 2nd and 4th quarter, these did not sit. Although scheduled 3rd quarter, due to poor attendance meeting not held.
	Effective Performance Management System Implementation	Performance Scorecards populated. SDBIP's current. Annual Performance Report submitted. Quality of Audit Reports	100%	Approved Annual Performance Report Performance Reviews SDBIP's AG Report	SDBIP's to be updated PMS to be rolled out to levels below s57 Managers	25%	25%	50%	40%	75%	60%	100%	70%	Partially achieved due to PMS	SDBIP updated + quarterly reports. PMS to be rolled out as per project plan 2010/2011. Approved Annual Performance Report. PMS incorrectly applied but progress made.

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KPA 1: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION (Cont.)

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Employment Equity	% compliance with Employment Equity Plan in the 2nd highest level of Management	90%	Quarterly Reports	Developed and adopted by Council	25%	20%	50%	40%	75%	60%	90%	70%	Partially Achieved	Council EE Plan (Nov.2009). Skills scarcity + Retention strategy present challenge.
		Employment Equity Policy/Plan and Report	100%	EE Report EE Plan	Review required annually	EE Report Plan sent to Dept of Labour	Not achieved.	Policy/ Plan Review achieved/adopted by Council.	Achieved. Approved November 2009.	Reporting	Not fully achieved	Reporting	Not fully achieved	Partially achieved.	Quarterly Reporting and implementation to receive focus. In progress, submissions made
	Expenditure Control and Maintenance	Implementation of M & E system to monitor and control expenditure	100%	Monthly /quarterly reporting	Managed and controlled	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	
	Effective Consumer Billing, Debt Collection and Credit Control	Consumer database maintained	90%	Reliable Consumer database	90%	90%	90%	90%	90%	90%	90%	90%	90%	Achieved	Database Reliable

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KPA 1: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION (Cont.)

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Effective Consumer Billing, Debt Collection and Credit Control	Accurate Consumer Accounts	98%	Monthly billing	90%	98%	98%	98%	98%	98%	98%	98%	98%	Achieved	Accounts Accurate
	Effective Consumer Billing, Debt Collection and Credit Control	Accurate Monthly Meter Readings	90%	Accurate inputs into SEBATA	90%	90%	90%	90%	90%	90%	90%	90%	90%	Achieved	Accurate readings taken monthly
	Effective Information Technology System throughout the Municipality	Data integrity and protection of all information and computer systems	100%	Implementation IT Strategy+ website maintenance.	IT System & GIS maintenance	25%	20%	50%	30%	75%	60%	100%	70%	Achieved	Policy and Website in place. Implementation & maintenance to be improved
		Electronic Document Management System implemented	70%	Effectiveness of Electronic Data Management System	SEBATA Financial system maintained	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	System maintained and running smoothly
	Electronic Communicatio n Functional E-Mail facilities	Roll out e-mail and functional email facilities	90%	Effectiveness of Communication	SEBATA Financial System Maintained	25%	25%	50%	50%	75%	75%	90%	90%	Achieved	

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KPA 1: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION (Cont.)

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Web site	Website developed, and updated and maintained	80%	Comprehensive and effective website developed by MARS Technologies/ Tender/ Bid Award/Service Provider/ Reporting	Website by MARS, requires implementation and maintenance	50%	50%	50%	50%	50%	50%	80%	80%	Achieved	
	Effective debt collection and credit control	Implementation of Credit Control Policy	100%	Monthly Reports and AFS/ Statistical	Policy to be applied consistently (MFMA)	25%	25%	50%	30%	75%	50%	100%	70%	Partially achieved	Policies in place. Billing system running well. Credit control to start after 2011 elections
	Effective Indigent Management /Fee Basic services	Approved Indigent Policy. Fully functioning and current Indigent Register and Indigent Policy.	90%	Monthly/Quarterly Reports on implementation	Indigent Policy + Register to be reviewed	25%	25%	50%	40%	75%	50%	90%	60%	Partially Achieved	Indigent Policy in place. Indigent Roll-out plan completed. Currently capturing farms. To be submitted to Council for approval, then implementation on the system, then to write back old debt.

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KPA 1: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION (Cont.)

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Improved human resources of local government by 2011	% of critical funded vacant positions filled	80%	filled funded critical vacant positions	Filled funded such as HR Officer, PMU, Community, Assistant Manager	25%	25%	35%	35%	60%	60%	80%	80%	Achieved	
	Discipline Management and processes	Training Programme for line managers and snr staff on discipline handling. Ongoing advice to line management re: discipline	80%	Legal compliance Sound labour relations. Remedial action taken. Fair implementation of discipline processes Implementation of Discipline Code	Capacity Issues Discipline not managed by line departments	20%	20%	40%	40%	60%	50%	80%	70%	Achieved	Training was scheduled and held - additional training required for remaining staff who did not attend.
	LLF	LLF Reporting	100%	LLF Quarterly	Functional LLF	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	LLF meetings held and attempts ongoing to improve IR. Quarterly reporting
8	OHS / Safety Management (OHS Act)	Manages all safety aspect in tems of OHS Act/Policy to see that applied	90%	Policy submitted to Council and approved. Safety Unit functional and established	Legal requirement for promotion of safety in workplace	30%	30%	50%	40%	60%	50%	90%	60%	Partially Achieved	OHS Practitioner not yet appointed - to be appointed 2010/2011. Policy approved - post not funded

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KPA 1: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION (Cont.)

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Communications and Customer Relations : External Communication	Reviewed and implemented Communications Strategy and Policy Monthly Reports	100%	Approved Communications Strategy and Policy	Approved Communications Strategy and Policy	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	Reports provided Communications Strategy and Policy Updated
		Reviewed Media Relations Policy and implementation report	100%	Reviewed media relations policy and implementation report	Approved Media Relations Policy and Implementation Report	25%	25%	50%	50%	75%	75%	100%	100%		Excellent relations with Vukani. Live radio broadcasts for information days and information sessions. Continuous reporting Branded materials and use of website.
		Local communication Forum meetings	100%	Local communication Forum meetings	Local Communications Forum established	25%	25%	50%	50%	75%	75%	100%	100%	MM/CSM	Communications improved Increased community confidence
	Internal Communi-cation	Internal Communi-cations Strategy reviewed and applied	100%	Reviewed strategy monthly reports	Existing strategy	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	Communications through strategic noticeboards Regular reporting Complaints registers Feedback and website

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KPA 2: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	IDP reviewed and updated	IDP reviewed and updated and inclusive of community participation outcomes	100%	Reviewed and adopted IDP Process Plan	IDP reviewed annually	Approved Process Plan Community cluster meetings Sector dept. meetings Aligned to budget	Achieved	Community and Dept. meetings as scheduled	Achieved	Final draft IDP. Community & Dept. Meetings	Achieved	Community and Dept. Meetings. Approved IDP	Achieved	Achieved	
	Strategized Budget & Community Participation in the interests of a participatory democracy	Level of Community Participation Ward Committee meetings as per planned meetings Community participation in Budget Design and implementation	100%	Community Participation Plan and Strategy approved and implemented as per plan	Community Participation Plan and Strategy Required	Community Cluster meetings as scheduled 25%	Achieved	Community Cluster Meetings 50%	Achieved	Community Cluster Meetings 75%	Achieved	Community Cluster Meetings 100%	Achieved	Achieved	

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KPA 2: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (Cont.)

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Delegations Framework applied	Delegations Register. Number and quality of delegations Framework workshops Level of Compliance in respect of delegations, processes and procedures	80%	Delegations Framework approved. Workshops conducted. Delegations Register	Delegations Framework required	Quarterly Implementation Report 35%	Achieved 35%	Quarterly Implementation Report 45%	Achieved 45%	Quarterly Implementation Report 55%	Achieved 55%	Quarterly Implementation Report 80%	Achieved 80%	Achieved	
	Functioning Audit Unit to ensure a fully audited and legislatively compliant organization	Improvement in audits - moving towards clean audits received. Audit reports Investor confidence improved	100%	Audit Reports as scheduled	Internal Auditor and Audit Committee	Audit Reports 25%	25%	Audit Reports 50%	50%	Audit Reports 75%	75%	Audit Reports 100%	100%	Achieved	Audit function shared with Lukhanji Municipality
	Adoption of Oversight Report and Annual Municipal Report	Deliberation on AG outcomes by Oversight Committee	100%	Adopted Oversight Report and Annual Report	Oversight Report completed annually	-	-	Oversight + Annual Report	Achieved	Oversight + Annual Report	Achieved	-	-	Achieved	Both reports adopted

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KPA 2: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (Cont.)

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Manages Maintenance Contracts, Letters of Appointment and Maintenance of Conditions of Service and related capacitation	Verify existence of contract and compliance with BC and SALBC's Conditions of Service. Letters, contracts are drafted to regulate employment relationships to avoid legal complications. Establishment and improvisation of Conditions of Services	100%	HR Monthly Reports/ Quarterly Reports. Records , Conditions of Service applied consistently	Quarterly Reporting	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	Quarterly Reporting completed as required
	Leave Management and attendance	Approved Policies and procedure to manage leave procedure and process. Leave recording managed and maintained. Monitors organizational attendance and reporting	100%	Monthly reports / Leave taken. Reconciliation of leave balances. Organizational attendance reports	Leave Records inaccurate	25%	25%	50%	50%	75%	75%	100%	100%	Achieved Ongoing	SP Appointed - The Leave Audit has been done and is monitored/up dated in order to maintain this. Policy & procedure developed & workshopped

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KPA 2: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (Cont.)

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	HRD Strategy	HRD Strategy Developed	100%	Approved HR Strategy	No formal strategy	25%	25%	50%	50%	75%	60%	100%	70%	Partially Achieved	In progress Prioritized 2010/2011
	Updating and development of Municipal By-Laws	By-Laws Analysis Report Implementation Strategy	100%	Adopted By-Laws	By-Laws exist but require updating/ formulation	Implementation Strategy	In progress	Capacitation of Staff	Not achieved	Public comment on draft By-laws, advertised, gazette & reviewed	Not Achieved	Ongoing analysis	Not achieved	Partially Achieved	7 by laws published & gazetted - review to be prioritized
	Institutional Meetings held in manner required i.t.o. legislative compliance	Good quality reporting, minute taking and agendas. Meetings occur as scheduled (Council, management and Council committees)	100%	Council Committee & Management Meetings held as per schedule	Updated meeting schedules annually Implementation of resolutions	Meetings as per schedule	20%	Meetings as per schedule	40%	Meetings as per schedule	60%	Meetings as per schedule	80%	Partially Achieved	All council meetings occur as required - Management and Departmental meetings not always held as required. To be addressed.

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KPA 2: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (Cont.)

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Document Management System	Updated and current records and archives system	100%	Approved and implemented document management system	Document Management System requires update	Quarterly Reports + update	25%	Quarterly Reports + update	40%	Quarterly Reports + update	40%	Quarterly Reports + update	45%	Partially achieved	In progress but SP not appointed. Prioritized 2010/2011
	Ward Committees	Improved efficiency and effectiveness of community based planning and service delivery Communication Strategy effectively functioning	85%	Functioning Ward Committee Structures	Partially operating Ward Committee Structures	Meetings as per schedule	25%	Meetings as per schedule	40%	Meetings as per schedule	60%	Meetings as per schedule	85%	Partially achieved	Improvement - moved form 2 wards to 7 wards participating in IDP outreach
	Employment Equity	% compliance in respect of the Employment Equity Plan	90%	Employee records and appointments. EE Statistical Reports. EE Plan	100% compliant in the two highest categories.	25%	25%	50%	50%	75%	75%	90%	100%	Achieved	

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KPA 2: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (Cont.)

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
		EE Reporting	100%	EE Report submitted to EE Registry by Oct	Not Compliant			100%	100%					Achieved	
	Performance Management	Performance Management Policy and Implementation. S57 Managers Scorecards and Performance Agreements. Evaluation Results Roll-out of PMS	100%	Implementation Reports. Policy Scorecards Performance Agreements Evaluation Results	In progress Only applicable to snr management	25%	25%	50%	40%	75%	60%	100%	80%	Partially achieved	Improvement. PMS not effectively applied as per Regulations, but process prioritized. PA's and Scorecards developed for S57 Managers and assessments conducted annually. PMS to be rolled out as per project plan and timeously. Timeframes not always met.
	HR Procedure Manuals	Appoints Service Provider to assist with development of HR Procedure Manuals for Recruit. and Selection	100%	Manual : R & S Payroll, Benefits, EE and WSP	HR Procedure Manual	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	Finalized and adopted

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KPA 3: FINANCIAL VIABILITY AND MANAGEMENT																
IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets										Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4			
	Financial Viability and legislative compliance	GAMAP /GRAP compliance. Clean audits received. MFMA compliance. Operational efficiency and fiscal control	100%	Audit Report Annual Financial Statements	Unqualified Audit Report AFS compiled annually	25%	20%	50%	50%	75%	60%	100%	70%	Not Achieved		GRAP Compliance Disclaimer received through Audit Plan, every effort being made to remedy for future years
		% Operating budget & % allocated capital budget spent year to date excluding staff costs.	100%	Quarterly Reports	Reports updated	25%	25%	50%	50%	75%	75%	100%	100%			66%
		AFS	100%	AFS	Submission of AFS	100%	100%							Achieved		Submitted timeously. 31 August . GRAP compliance

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KPA 3: FINANCIAL VIABILITY AND MANAGEMENT (Cont.)

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Financial Viability and legislative compliance	% households earning less than R1600 per month with access to free basic services	100%	Council Reports	Effective Indigent Policy and access to BSD.	100%	FBS to qualifying applicants	100%	FBS to qualifying applicants	100%	FBS to qualifying applicants	100%	FBS to qualifying applicants	Percentage unknown	75% have access to basic levels of electricity, 75% access to basic levels of sanitation , 40% basic levels to solid waste & 65% have access to basic levels of water. Indigents currently receive free basic services on application - qualifying criteria) - SP appointed to audit Indigent Data base - completed 31 Aug 2010
		Strategize Budget process. SDBIP & Budget process (Draft 31 March and Final 31 May)	100%	Council Approved Budget, Public Particip.Council Resolution	Full Compliance MFMA			90%	90%	100%	100%			Fully achieved	
		Revenue Management	40%	Reporting levels of operational efficiency and fiscal control	Debt collection and Credit Control Policy in place and implemented	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	Policies in place

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KPA 3: FINANCIAL VIABILITY AND MANAGEMENT (Cont.)

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Supply Chain Management	Supply Chain Management occurring within the parameters of SCM Policy and related prescripts Establishment of Service Provider database	100%	Approved and implemented SCM Policy Audit Report SCM Workshops Service Provider database	Legal Compliance Policy required to be updated and work-shopped Database to be populated	25%	25%	50%	50%	75%	60%	100%	75%	Partially Achieved	Tender process conducted and expenditure to be addressed and implemented with stricter control. Appointment of SCM 1 July 2010 will assist with this . Workshop on SCM completed and training provided for staff and Councillors. Service Provider database still to be populated
	Asset Management	Applied Asset Management and Insurance Policy Compiling, updating and maintaining all inventory lists; All assets valued on basis of GRAP	100%	Approved Asset Management and Insurance Policy Updated Assets Register Recorded and bar-coded assets	90% assets to be bar-coded Asset Mgt Policy reviewed and to be placed on Municipal Website Register to be updated. Inventory lists (moveable) assets to be revalued.	25%	25%	50%	50%	100%	100%	100%	100%	Over achieved	Over achieved as infrastructure assets also valued. Assets register has been updated and bar coding has been done on all movable assets. Inventory lists have been updated and maintained and all asses have been revalued re: GRAP

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KPA 3: FINANCIAL VIABILITY AND MANAGEMENT(Cont.)															
IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Accounting and Reporting	Implement MFMA requirements relating to accounting and reporting (MFMA No. 56 of 2003)	100%	All reports required in terms of MFMA submitted correctly and timeously. Audit Reports.	Currently comply with MFMA reporting requirements	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	All S71 Reports submitted, mid-year reports, monthly reports and statutory reports as per National Tariff and Adjustment Report
	Expenditure Control	Positive cash flow management	100%	Monthly reports on expenditure	Expenditure to be controlled within norms	80%	80%	100%	100%	100%	100%	100%	100%	Achieved	
	Credit Control, Debt Collection and Sound Financial Management	Improved payment levels of accounts to 90%	90%	Monthly payment statistics	Payment level is 82.5%	83%	83%	85%	85%	87%	90%	90%	100%	Over achieved	All creditors are paid within 30 days
		Outstanding debt reduced	30%	Monthly outstanding debt figures	Outstanding debtors more than 90 days	10%	10%	20%	15%	25%	20%	30%	30%	Partially Achieved	This is in progress and after the approval of indigents, debt will be written back

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KPA 3: FINANCIAL VIABILITY AND MANAGEMENT

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Implement projects to address Audit Report	Plans developed and implemented to address issues raised in Audit Report (audit Action Plan)	100%	Quarterly Reporting Action Plan to address 2007/2008 queries, Queries to be addressed within 30 days	Qualified Audit	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	Audit Action Plan compiled and steps taken to address action required
	Fully Integrated Financial System	Consolidated Financial System implemented in Elliot & Cala	100%	Implementation of consolidated financial system in Cala & Elliot	Upgrade system & financial server	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	Integration was achieved April 2010 and has been effective.
	Investments, Insurance and loans	Insurance Portfolio updated	100%	Updated Insurance Portfolio	Compliance with Insurance Policy	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	
		Investment portfolio updated/reviewed	100%	Effective implementation of Investment Portfolio	Maintained investments	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	
		Loans and contractual agreements policy reviewed and implemented	100%	Reviewed Policy Implementation Report	Budgeted loans	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	

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KPA 4: SERVICE DELIVERY

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Operational Motor Vehicle Registration facilities	Monitoring and effectively evaluating the effective operation of the motor vehicle registration facilities	100%	Motor Vehicle Registration facilities available E-eNaTIS Reports (Monthly)	Traffic Station Facilities relatively new and require upgrading and manage-ment to improve service	25%	20%	50%	40%	75%	70%	100%	90%	Partially achieved	Traffic Test terrain update is 90% completed. eNatis reports not fully achieved - / reliable statistics not available to be upgraded/ Lack of controls/ to be implemented
	Valuation Roll	Annual reconciliation and update of the valuation roll	100%	Accuracy and completeness of valuation roll (correct rates and accounts)	Existing valuation roll (75%)	100%	100%							Achieved	Valuation Roll implemented and is accurate
11	Disaster Management	Level of response to disasters in collaboration with CHDM through improved risk reduction and management programmes	100%	Approved Disaster Management Plans. Disaster responsiveness .	District Function - invited to disaster manageme nt forums	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	In conjunction with CHDM

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KPA 4: SERVICE DELIVERY(Cont.)

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
6	Sportsfield Maintenance & lease agreements	Sportsfields Maintenance Programme developed and implemented in terms of funding availability. Lease agreements reviewed updated annually	100%	Funding driven implementation plan results	Lease agreements reviewed updated Dependent on community and funding being sourced	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	Achieved in terms of funding plan
6	Buildings & Halls Upgraded	Buildings and Halls upgraded as per maintenance plans	100%	Cost estimates for renovations Appointment of Contractors Project implementation	Cost estimates and contractors to be appointed	30%	30%	75%	50%	100%	60%	100%	70%	Partially achieved	The Elliot Hall is currently under a revamp
10	Maintenance and management of Municipal Pounds	Progress as per funding sourced and regarding maintenance schedule	100%	Progress Reports Monthly	MIG funding required	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	Progress reports provided.
	Fleet Management System	Management of votes re - cost of fuel and maintenance	100%	Monthly statistics, Financial Reports/allocated cost of fuel and maintenance to correct votes	Monthly reports	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	

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KPA 4: SERVICE DELIVERY(cont.)

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
2	Water Services Bulk water supply, water treatment and reticulation, continuous maintenance and operation to improve water quality and continuity of services to residents and to ensure continuous supply of potable water to communities	Monthly reports on ongoing maintenance and repair work and continuous treatment for Wards 10, 14, 15 and 16	100%	Monthly reporting on progress re-maintenance programme, Water Treatment Reports, Faults and Repairs	Poor, ageing infrastructure and lack of qualified operators	20%	20%	40%	40%	60%	60%	100%	100%	Achieved	Reporting as required. Ongoing programme and WSP staff appointed by both Sakhisizwe and CHDM Programme funded by Treasury Department on ring-fenced fund
2	Sewerage	Reports on the removal and disposal of sewerage in the manner prescribed in terms of relevant legislation and prescriptions	100%	Monthly and quarterly reports re-removal and treatment programme against schedule	Poor ageing infra-structure and lack of qualified operators	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	CHDM and Municipality purchased 4 bakkies and 2 heavy duty trucks for water cartage to aid progress WSP SLA concluded

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KPA 4: SERVICE DELIVERY(cont.)

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
4	Maintenance and upgrade of electricity infrastructure (network and systems)	Improved electricity infrastructure and service provision as per implementation strategy and plan and improve financial viability	100%	Statistical reports on implementation results and progress achieved, and on electricity losses, purchase of electricity from ESKOM and SLA with ESKOM	Limited funding / poor electrical infrastructure	25%	25%	50%	50%	75%	60%	100%	80%	Partially achieved	Losses and maintenance ongoing, but reduced losses
1	Roads, Access Roads, Pavements, Bridges and Stormwater Maintenance and provision /MIG funded Projects	Provision of safe and adequate Stormwater facilities as per planned projects and schedules.	100%	Business Plan approval / Proof of activities conducted and monthly reporting /MIG project progress reporting / Expenditure reporting	Inadequate / poor road infrastructure	25%	20%	50%	40%	75%	60%	100%	50%	Partially achieved	Gravel access road stalled. 6 access roads were completed 2009/2010 financial year. MIG Roads projects achieved ongoing. Stormwater clearing completed

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KPA 4: SERVICE DELIVERY (cont.)															
IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
1	`Roads Master Plan	Approved Roads Master Plan	100%	Roads Master Plan approved	No Roads Master Plan	25%	0%	50%	0%	75%	0%	100%	0%	Not Achieved	Lack of funding. Service Provider to be appointed. CHDM organizing Roads Indaba to determine the LM, DORT and DM functions
1	Road Maintenance and Construction	Road Maintenance and construction conducted in accordance with approved and budgeted implementation plans relating to gravel and tar roads and paving . Polar Park Streets Access roads Projects	100%	Construction and maintenance of roads in accordance with an implementation plan	Poor road infrastructure and deteriorating roads, resulting in limited access to certain areas	25%	20%	50%	30%	75%	55%	100%	75%	Not Achieved	Reporting cannot be validated re - progress and project implementation

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KPA 4: SERVICE DELIVERY (cont.)															
IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Housing Provision	Housing Sector Plans developed and houses constructed by Department of Housing. Municipality provision of land. Completion of 2003 project	100%	Construction Reports as per schedule	No Housing Sector Plan or alignment of future Housing Projects to community needs	25%	25%	50%	50%	75%	60%	100%	80%	Partially achieved	Completion of 2003 project. No Housing sector Plan. Many meetings with Dept of Housing to pave way forward re - housing project. Elliot Housing Project for 1000 houses to be upgraded has been approved. Dept of Hosing has appointed a service provider to assist the facilitation of the applications

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KPA 4: SERVICE DELIVERY (cont.)															
IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
	Building and Town Planning Provision to ensure applications are passed and areas are zoned appropriately	Building Plans and Town Planning approvals Transfer of deeds and town registers	100%	Building plans approved within time frames and Town Planning functions completed as scheduled	Absence of accurate source documents such as the deeds and audits and building plans	25%	10%	50%	45%	75%	60%	100%	70%	Not fully achieved but DBSA assistance received as manpower	Building Plans not approved timeously due to a shortage of staff Similarly enforcement of By-Laws difficult
10	Land Audit of land encroachments	Land audit data provision	100%	Land Audit	No land audit data available	Sept. 09 100%	0%							Not achieved Beyond control	This project was to be conducted with the IPED Manager. No real progress but 4th quarter a submission was made to Council for a Land Audit and resolution
6	Libraries	Database of library	90%	Questionnaire to establish usage from and data analysed. Updated report and functional database	Unreliable database	25%	20%	50%	40%	75%	50%	90%	70%	Partial Achievement	Slight improvement in use of libraries. Intern librarian hired and resources obtained/ upgraded

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KPA 4: SERVICE DELIVERY (cont.)															
IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
2	Waste Management Plan	Develop Waste Management Plan	100%	Waste Management Plan	No plan	25%	20%	50%	20%	75%	20%	100%	30%	Not achieved	Municipality is currently designing plan and engaged Aurecon SA to assist with development. Prioritized for 2010/2011
2	Waste Management	Refuse Collection as per schedule	100%	Waste management scheduled programmes / reporting	Not effective	25%	15%	50%	30%	75%	45%	100%	70%	Not achieved	Some collections in CBD and town but resources a major problem and plans to address effectively 2010/2011
2	Maintenance of sidewalks, parks and open spaces	Progress in respect of maintenance schedules for parks, sidewalks and open spaces	100%	Monthly maintenance reports to Standing Committees	Current Maintenance Programmes	25%	20%	50%	35%	75%	55%	100%	65%		Feasibility study to identify solutions but project delayed due to lack of funding approval
2	Social services	Addressing the social needs of the community - improving public access to social services	80%	Progress Reports/reports from social needs cluster	Social Needs Clusters	25%	25%	50%	50%	65%	65%	80%	80%	Achieved	Cluster meetings attended

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KPA 4: SERVICE DELIVERY (cont.)																
IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
7	PHC	Management of PHC & Promotion of Health care	100%	Manage PHC & attend HIV /AIDS meetings	functioning to a degree	25%		50%		75%		100%		Partially achieved	Meetings not attended regularly
6	Establishment and Maintenance of Cemeteries	Cemeteries established in Barkly East and all cemeteries maintained as per plan and MIG budget	100%	Monthly reports to Standing Committee as per scheduled progress	Funding to be obtained from MIG	Monthly reports 25%	25%	Monthly Reports 50%	50%	Monthly Reports 75%	75%	Monthly Reports 100%	100%	Achieved	
10	Environmental Management Plan	Development of Environmental Management Plan	100%	Approved Plan	Funding to be obtained from MIG	25%	10%	50%	10%	75%	10%	100%	10%	Not achieved	MIG approval for project still awaited.

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KPA 5: LED

IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
5	Shearing Shed	Animal improvements	100%	Source of funding	Required	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	2 Shearing sheds erected Wards 3 & 7
5	Distribution of Nguni Bulls	Animal improvements	100%	Source of funding	Required	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	Nguni Bulls dispatched in all 7 Wards
5	Mgcunube Animal Project	Animal improvements	100%	Source of funding	Required	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	Wards received vaccinated animals form Mgcunube
	Sustainable Development	Ensure Service providers for project implementation are appointed before start of new financial year	100%	Tender TOR, Tender advertisement, Tender documents /quotes/Bid documents/ service providers appointment, quarterly reports (roads and electricity project)	Updated annually	45%	45%	75%	75%	90%	90%	100% June 2010	100%	Achieved	Electricity and Roads projects started together and completed as scheduled. Additional 3 roads projects added and completed within 2009/2010

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KPA 5: LED (Cont.)															
IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
5	Community upliftment (Creating an enabling environment)	Appointment of service providers from previously disadvantaged communities through SCM and procurement practices.	20%	Tender process and SCM Reports and statistics	SCM Policy in place and procurement re-HDI formalized.	20%	20%	20%	20%	20%	20%	20%	20%	Achieved	SCM Policy in place / Almost all tenders awarded to HDI's /SCM reporting / record keeping to be improved
5	Waste Awareness	Waste Awareness Campaigns implemented as scheduled.	100%	Project Progress Reports	Funding Restrictions	25%	20%	50%	45%	75%	70%	100%	100%	Achieved	
5	LED	LED Strategy	100%	LED Strategy	No strategy	25%	25%	50%	40%	75%	60%	100%	75%	Partially Achieved	Funding sourced for LED Strategy and SMME Database / SP Appointed
5	Green Project	Generation/creation of employment and possible income - Greening Projects	10%	Source possible funding / Progress Reports	Limited funds	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	Greening Project employed ± 70 people for 2 years.
5	Charcoal Project	Facilitate Project & Implementation of Project	100%	Source possible funding / Progress Reports		25%	20%	50%	30%	75%	50%	100%	60%	Partially Achieved	Project funded by CHDM and site establishment in progress

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KPA 5: LED (Cont.)															
IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
12	To Combat & reduce the spread of HIV/Aids by 2014;	Strategically manage the Establishment of PAC and prepare TOR, Appoint SP, Preparation & Implementation of HIV /AIDS Strategy	50%	Completed HIV /AIDS Strategy / quarterly reports / reports from DoH/UKDM	HIV prevalence % unknown/ PAC not established ,literature reviews and TOR consultation with stakeholders	20%	10%	30%	15%	40%	35%	50%	40%	Partially Achieved	Good progress - HIV/AIDS Co - ordinator appointed Establishment of PAC ,Preparation HIV /AIDS Strategy/HIV/Aids programmes/ education of HIV /AIDS commenced
8	Reduction of Crime	Safety and Security Awareness Campaigns implemented as scheduled.	100%	Progress Reports	Social Needs Clusters	25%	25%	50%	45%	75%	70%	100%	85%	Partially achieved	The municipality forged partnership with SAPS. Greater application of Implementation Plan to occur 2010/2011
5	Spatial Development Framework	Reviewed SDF for Cala and Elliot areas	100%	Reviewed and updated SDF for Cala and Elliot	IDP and SDF	25%	25%	50%	30%	75%	40%	100%	50%	Partially Achieved	Prioritized in IDP Review 2009-2011
5	Capital MTEF: Capital Plan	Alignment of Councils priorities for sustainable development	100%	Quarterly Report	Capital MTEF Required							100%	100%	Achieved	

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KPA 5: LED (Cont.)															
IDP No.	IDP Objective (*)	Indicator of performance	Target	Measurement source	Baseline	Targets								Status	Comments
						Q1	A1	Q2	A2	Q3	A3	Q4	A4		
5	Mgcunube Gardening Project	Healthy Lifestyle and massive production	100%	Source of Funding	Project needed	25%	25%	50%	50%	75%	75%	100%	100%	Achieved	4 Wards are engaged in Umgcunube Gardens
5	NDGP (2016 Vision)	Generation and creation of employment/ possible income. Service Provider Report and Council Approval. Design and tender for minor infrastructure. Movement funding form capital grants to technical assistance grants. Detailed planning to address land constraints	100%	Quarterly Reports	Local labour used previously in refuse collection, roads projects, community halls and electrical projects in Elliot.	25%	25%	50%	30%	75%	50%	100%	60%	Partially successful	Failure to understand DPW method of reporting
5	EPWP	Ongoing participation in EPWP	100%	Participation Reports - Monthly	Local labour employed in refuse collections	25%	20%	50%	45%	75%	55%	100%	65%	Partially successful	Reporting a challenge with DPW

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CHAPTER 3

MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK (KPA 3)

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Chapter 3: Municipal Local Economic Development Framework (KPA3)

3.1 Brief presentation of LED Strategy /Plan)

The Local Economic Development Framework remains in its infancy and 2010/2011 brought with it the compilation of a draft LED Strategy which is required to be finalised and implemented within the 2011/2012 financial year.

In accordance with s153 of the South African Constitution, "A municipality must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.

The World Bank defines LED as follows: "Local Economic Development in the process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. The aim is to improve the quality of life for all.

Practicing local economic development meant working directly to build up the economic capacity of a local area to improve its economic future.

In an effort to achieve these broad goals, a number of specific focus areas were highlight within this draft strategy as follow:

- The agricultural sector was prioritized as the one with the most potential to contribute to job creation, promoting of livelihoods opportunities and contributing towards sustained social and economic growth and development;
- Two subsectors with a comparative advantage as a result (within the agricultural sector); were identified as timber production and processing and livestock production and processing. Both were considered to be positioned to result in job creation and improvement in livelihood opportunities.

  When examining the IDP it was acknowledged that specific targets relating to LED were detailed as follows:

- To prioritize wards defined as "worst off areas";
- Provision of a strategic link to provide greater access to these poverty stricken areas and greater linkages to neighbouring areas ;
- To ensure appropriate development and prioritization of funding; and to acknowledge that
- The greater employer in the municipality is Community and Social Services sector, then the Agricultural sectors.

After much research, which included a full SWOT analysis, the LED Strategic Framework was formulated in a manner that would address the LED's vision as follows:

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"To create an enabling environment that provides for economic growth and employment creation to improve the quality of life of our people and become a productive agricultural area and tourism destination"

Overall the LED unit's mission was to promote quality economic development facilitation and coordination services to its communities by:

- Facilitating opportunities for SMME's in procurement at Sakhisizwe
- Supporting the Poverty Alleviation projects
- Facilitating Agriculture, Tourism, Manufacturing and SMME Development Value Adding and Market Access Opportunities;
- Developing an Investment Attraction and Marketing Strategy for Sakhisizwe;
- Facilitating for finance, funds and resources from non-governmental, private and donor sectors;
- Establishing and maintaining an effective administration and a safe environment; and
- Attracting tourists and investors to the region.

The formulation of the LED involved a participatory process and key community stakeholders in the local municipality provided required inputs. This was obtained through situational analysis, SMME database field work research LED activities; consultation from CHDM, ASGISA, SLM; and sector workshops.

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3.3 Annual Performance as per key performance indicators

Indicator Name	Target set for the year	Achievement level during the year	Achievement during the year
Percentage of LED budget spent on LED related activities	No target R300 0000 (CHDM) Unknown	DEDEA, R1, mil CHDM R1.1 mil(Charcoal mining) LED Strategy R1 mil	69.82% (R768 000) 100% In progress
Number of LED stakeholder forums held (The Business Forum and the Cooperative Forum)	2	2 (Each held 1 meeting per quarter)	
Number of SMME that have benefited from a SMME support programme	2	Unknown (CHMD)	100% 2 youths trained to run companies(Water & Sanitation)
Number of job opportunities created through EPWP	1 000	Paid directly to participants by EPWP	1 700
Number of job opportunities created through PPP	Nil	Nil	Nil

Note: Information as supplied by the IPED Manager. Data provided has not been provided as absolute data.

3.4 Challenges regarding LED Strategy Implementation

It becomes abundantly clear that LED is severely hampered by the absence of the LED Strategy and Plan, which would not only inform and structure the LED Division, but would ensure focus and direction towards achieving the LED Strategy.

SAKHISIZWE MUNICIPALITY
LED Projects 2009 / 2010/2011

OBJECTIVE	STRATEGY	TARGETS	PROJECT NAME	LOCATION	WARD NO.	ALLOCATION			FUNDER	MAIN ACTIONS	RESPONSIBLE PERSON
						2008/09	2009/10	2010/11			
Child Care and Protection Services	Training on early childhood development	25	Nobuhle Preschool	Stokwe's Basin	7	67 500	67 500	67 500	Social Development	Early Child Development	Ms. Xungu
		34	Masithembe Preschool	Upper Tsengiwe	4	80 784	80 784	80 784	Social Development	Early Child Development	Ms. Xungu
		25	Nolitha Preschool	Tsengiwe A/A	4	59 400	59 400	59 400	Social Development	Early Child Development	Ms. Xungu
		27	Nomthandazo Preschool	Ndondo Square	5	76 032	76 032	76 032	Social Development	Early Child Development	Ms. Xungu
		27	Ikhayalethu Preschool	Ndondo Square	5	64 152	64 152	64 152	Social Development	Early Child Development	Ms. Xungu
		27	Nonceba Preschool	Ethembeni Location	7	64 152	64 152	64 152	Social Development	Early Child Development	Ms. Xungu
		27	Little Star Preschool	Takalani Location	2	64 152	64 152	64 152	Social Development	Early Child Development	Ms. Xungu
		25	Roma Preschool	Roma A/A	4	59 400	59 400	59 400	Social Development	Early Child Development	Ms. Xungu
		27	Siyavuya Preschool	Mgwalana		64 152	64 152	64 152	Social Development	Early Child Development	Ms. Xungu
		27	Nkqubela Preschool	Bumbana Loc./ Askeaton	7	64 152	64 152	64 152	Social Development	Early Child Development	Ms. Xungu
		25	Ikhwezi	Sfonondile	4	59 400	59 400	59 400	Social Development	Early Child Development	Ms. Xungu
		25	Good Hope Preschool	California	5	59 400	59 400	59 400	Social Development	Early Child Development	Ms. Xungu
		60	Nomzamo Preschool	Vusukhanyo Building	1	58 920	58 920	58 920	Social Development	Early Child Development	Ms. Xungu
		35	Qolombeni Preschool	Manzimahle	7	46 200	46 200	46 200	Social Development	Early Child Development	Ms. Xungu

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LED Projects 2009 / 2010/2011

OBJECTIVE	STRATEGY	TARGETS	PROJECT NAME	LOCATION	WARD NO.	ALLOCATION			FUNDER	MAIN ACTIONS	RESPONSIBLE PERSON
						2008/09	2009/10	2010/11			
		36	Masivuke Preschool	Askeaton A/A	7	65 520	65 520	65 520	Social Development	Early Child Development	Ms. Xungu
		27	Masakhe Preschool	Elliot/Polar Park	2	64 152	64 152	64 152	Social Development	Early Child Development	Ms. Xungu
		25	Siyavuya Preschool	Manzimdaka		59 400	59 400	59 400	Social Development	Early Child Development	Ms. Xungu
		27	Mlondolozi Preschool	Cala Pass	3	64 152	64 152	64 152	Social Development	Early Child Development	Ms. Xungu
		25	Sizakhele Preschool	Askeaton/Cala	7	59 400	59 400	59 400	Social Development	Early Child Development	Ms. Xungu
		25	Malukhanye Preschool	Zikhonkwane A/A	3	64 152	64 152	64 152	Social Development	Early Child Development	Ms. Xungu
Crime Social Crime Prevention		15	Ingxingwa Skills Development Project	Cala Town	5	233 000	-	-	Social Development	Crime Prevention	Ms Madikizela
Victim Empowerment			Domestic Violence Unit	Cala Town	5	184 663	-	-	Social Development	Domestic Violence	Ms Jacobs
		5	Yibanathi Developmental Foster	Elliot Old Loc.	2	65 000	-	-	Social Development	Crime Prevention	Ms Madikizela
HIV/AIDS		34	Siyahluman HCBC	Sifondondile	4	556 097	-	-	Social Development	Care and support to orphans and vulnerable child due to HIV/AIDS	Ms Nmgqi

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LED Projects 2009 / 2010/2011

OBJECTIVE	STRATEGY	TARGETS	PROJECT NAME	LOCATION	WARD NO.	ALLOCATION			FUNDER	MAIN ACTIONS	RESPONSIBLE PERSON
						2008/09	2009/10	2010/11			
Eradication of poverty and promote income generating programme for sustainable development	To promote socio-economic development and integration	15	Ithunga poultry project	Manximdaka	5	500 000	-	-	Social Development	Youth Development, sustainable livelihood (cooperatives institution building and food security support programme	Ms. Nini
		15	Ncduluntu Confectionary & Bakery	Cala Town	5	-	500 000		Social Development		
		15	Lilitha Brick Making	Zikhonkwne	5	-	500 000	-			
		25	Masisebenze Food Security	Gubenxa-Elliot	3	-	500 000	-			
		15	Stokwes Basin Food Security	Ndwana	7	-	750 000	-			
		15	Tsomo Valley Poultry Project	Tsomo Valley	2	-	500 000	-	Social Development		
		15	Ikhwezi Food Security	Cala Town	5	500 000	-	-	Social Development		
		15	Nonkqubel Womens Co-op	Roma	4	500 000	-	-	Social Development		
		25	Siyakanyisa Food Security	Askeaton	7	750 000			Social Development		
		25	Khulanathi Maxongo Food Security	Maxongo's Hoek	2	750 000			Social Development		
		25	Siyazama Food Security	Polar Park – Elliot	2	750 000	-	-	Social Development		
		25	Masibambisane Food Security	Cala Reserve	4	750 000	-	-	Social Development		
		15	Makukhanye Womens Co-op	Upper Mnxe	4	500 000	-	-	Social Development		
		15	Yizanisakhe Womens Co-op	Elliot	1	500 000	-	-	Social Development		

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The following are the LED objectives;

- To promote LED;
- To add value to the products of Sakhisizwe;
- To increase the number of emerging farmers;
- To increase SMME promotion and development;
- Increase/explore tourism potential;
- Reduce levels of poverty in the area;
- Reduce the rate of unemployment;
- Create an investor friendly environment conducive to economic growth;
- Expand and retain existing businesses;
- Draw new investment into the area;
- Create employment;
- Expand the agricultural, tourism; manufacturing, mining and mineral beneficiation sector; and
- Strengthen the institutional capacity of SMME's and increase the number of viable emerging businesses.

The proposed manner in which this is to be achieved is through the conducting of:

- Agricultural Projects;
- Manufacturing;
- SMME Development
- Other projects (mining, retail and forestry);

To facilitate success within these projects, it is required that:

- A shared vision is developed;
- Delivery capability is developed – resulting in the necessary infrastructure;
- Developing a culture of service delivery;
- Establishing and measuring targets and results/progress.
- Developing and ensuring that the 5 year action plan is determining strategy implementation.

In order to facilitate the successful implementation of such a strategy, it is recognized that institutional arrangements and support are required on two levels.

These represent a range of organizations, structures and networks through which LED can be coordinated, managed implemented and monitored (through community empowerment and industry participation).

At an institutional level it is required that the LED programme of the municipality is driven through coordinated effort (e.g. LED Forum) and through the establishment of a dedicated LED unit.

It must be noted overall that no formal implementation of this LED Strategy has occurred and no unit for LED has been formally established. It is clear moving forward, that institutional arrangements will be chosen to suit the situation e.g. Local Economic

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Development Agency, Community Development Trusts; LED Agency; partnerships; Community Development Trusts and the like. In all instances set targets will be agreed to, and monitoring will occur in order to ensure achievement of goals and targets.

3.5 Progress towards achieving the LED Key Objectives

While it is acknowledged that the LED strategy has not yet been formally approved or implemented, 2 LED Forums are functioning i.e. the Business Forum and the Sakhisizwe Cooperative Forum.

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CHAPTER 4.
AUDITED FINANCIAL STATEMENTS & OTHER FINANCIAL INFORMATION

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(Budget & Treasury Report)

AUDITED FINANCIAL STATEMENTS

AND RELATED

FINANCIAL INFORMATION

AUDITOR GENERAL'S REPORT

ANNEXURE E

RESPONSE TO THE AUDITOR GENERAL'S REPORT

ANNEXURE F

AUDIT COMMITTEE REPORT

ANNEXURE G

SAKHISIZWE AUDIT ACTION PLAN - AUDITOR GENERAL'S REPORT

ANNEXURE H

(The Annexures included will not have page numbers that run concurrently)

CHAPTER 4.

AUDITED FINANCIAL STATEMENTS & OTHER FINANCIAL INFORMATION

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BUDGET AND TREASURY DEPARTMENT

4. Operating and Capital Budget 2010/2011 Financial Year

4.1 2010/2011 Budget Report

The requirements for Municipal Budgets are clearly set out in Chapter 4 (Section 15 to 33) of the Municipal Finance Management Act; no. 56 of 2003 (MFMA) and all steps were taken to ensure that the municipality meets these requirements. The municipality has as far as possible compiled the 2010 /2011 MTREF Budget in the format prescribed by National Treasury in terms of Circular 28 and the related regulations.

4.2 Capital Expenditure

Capital Project Medium Term Expenditure Framework – 2010/11/12/13 Completed and current projects are reflected as follows:
The budget Allocation of 2010/2011 Financial Year R11 16 000.00 made up as follows:
5% of the PMU R58 300.00, the balance R10 607 700.00
Construction Amount R8 070 092.00. The expenditure to date R8 070 092.00. Professional fees amount to R2 104 841.62 and total expenditure R10 174 933.64 and the balance R432 766.36.

Project Name	Consultant	Contractor	Contract Amount	Expenditure	Status
Cala Pass Community Hall	Maishade Development Engineers	Braine Wave Construction	R1 492 592.70	R1 495 592.70	100% complete
Mamfengwini To Qolombeni Access Road	Africa Dynamic Consultant	Amadwala Construction	R2 649 174.00	R2 649 174.00	Complete
Manzimdaka Access Road	Mbesi Consulting	Lukhanji Construction	R2 556 573.06	R2 556 573.06	100% complete
Ncaluka Access Road	Khulantathi Consultants	Langalethu Construction Qumbiso JV	R1 371 752.24	R1 371 752.24	100% complete
Total Contract Amount			**R8 070 092.00**		
Total Expenditure Amount				**R8 070 092.00**	
Total Balance				**R 432 766.36**	

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Council's MIG (Municipal Infrastructure Grant) allocation increased from the R10 074 000.00 to R11 166 000 for the 2010/2011 financial year. It is anticipated that some of the MIG allocation would be used to finance the following projects:

Ward	Area in a Ward	Project Description	Year	Contract Budget
1	Elliot Town	Bulk Electricity Infrastructure Phase 2	2009/2010	R4 000 000.00
1	Takalani Township and Hillview	Household connections with two High Mast Street Lighting	2010/2011	R3 870 000.00
9	Lower Langanci	Construction of Bulk MV Line Phase 1	2010/2011	R1 300 000.00
9	Lower Langanci	Household connections to Lower Langanci sub-villages	2011/2012	R4 000 000.00

4.3 Operational Expenditure

There is a need to highlight the following in Council's operational budget:

- Councillors Remuneration amounts to R3 235 032.00 of which R722 000.00 is financed by a special allocation to be received from National Government.
- Actual personnel costs vs. Total operational expenditure are 28.78%
- An amount of R341 823.89 was paid to Eskom for indigent consumers for free basic services. Eskom is supplying electricity to the biggest portion of Sakhisizwe Municipality.

4.4 Rates and Tariffs

The following budget-related policies have also been reviewed during 2010/2011

- Budget Policy;
- Free Basic Service and Indigent Subsidy Support Policy;
- Credit Control and Debt Collection Policy;
- Tariff Policy; and
- Rates Policy;
- Corruption and Fraud policy;
- Asset Management Policy;
- Interest Reversal Policy;
- Loans Policy;
- Administration of Immovable Property;
- Funding and Reserve Policy;
- Supply Chain Management Policy

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Increases in service tariffs are as follows:

Water	6% increase
Refuse	6% increase
Sanitation	6% increase
Electricity	25.8% increase
Rates	6% increase

4.5 The Budget

Steps were taken to ensure that the requirements of the Municipal Finance Management Act, No. 56 of 2003, especially Chapter 4 (section 15 to 33), as well as any MFMA Circulars from National Treasury, were met.

4.5.1 IDP/Budget Outreach Programme

During May 2011 the Budget Technical Committee, with assistance from Ward Councillors and Ward Committees engaged in an outreach programme to assess the needs for the community in the following Wards:

Ward 1 11 May 2011
Ward 2 4 MAY 2011
Ward 3 4 May 2011
Ward 4 4 May 2011
Ward 5 4 May 2011
Ward 6 5 May 2011
Ward 7 9 May 2011

New Ward absorbed which previously fell under the jurisdiction of Emalahleni Municipality: 5 May 2011.

All needs recorded were later prioritised and included in Council's Integrated Development Plan.

The budget technical committee has addressed various issues required by the Municipal Finance Management Act:

- Reviewing the IDP objectives and strategies;
- Reviewing the Organisational structure;
- Reviewing the Delegation framework;
- Reviewing the Service Delivery and Budget Implementation Plan (SDBIP)(with Departmental inputs
- Reviewing existing and considering new Service Delivery Agreements;
- Considering the establishment of Entities;
- Reviewing existing and compiling new Budget-related policies;
- Considering the Macro and micro economic climate and budget guidelines, requirements and growth parameters;
- Planning the implementation of GFS classifications;
- Considered proposed tariff increases;

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- Compile a draft operational capital budget;
- Prioritise community needs in the IDP

During March 2011 the draft budget and supporting documents were tabled to the budget executive committee for consideration, discussion and approval.

4.5.2 Disclosure on Allocations Made by the Municipality

Council has entered into the following Service Delivery Agreements under the Budget & Treasury Office.

Service Provider	Service	Amount
SEBATA	Municipal Finance Management Software and Support	R207 408.00
Department of Transport	Registration and Licensing of motor vehicles	R1 400 614.00

Grant allocations are attached as Appendix E of the Annual Financial Statements.

a. Disclosure on Salaries, Allowances and Benefits

All employee related costs are disclosed in Note 26 of the Annual Financial Statements and consist of the following:

	R
Employee related costs – Salaries and Wages	10 195 291
Allowances	R18 759
Bonus	676 467
Medical Aid – Company contributions	693 963
UIF	96 152
SDL	173 125
Leave pay provision charge	1 310 487
Post-employment benefits – Pension – Defined contribution plan	1 298 445
Overtime payments	978 241
Transitional and other allowances	23 430
Telephone allowances	2 400
Contributions to Bargaining Council	5 117
Acting Allowances	3 696
TOTAL EMPLOYEE RELATED COSTS	**15 475 573**

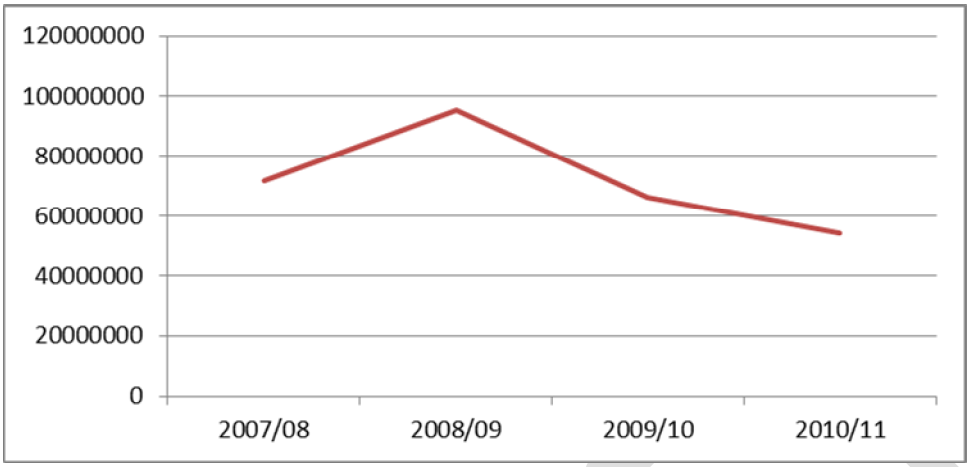
Management personnel are all appointments on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

4.6 Operational Expenditure

The Budgeted Operating Expenditure for the 2010/2011 financial year amounted to

R54 415 297.00. This is a decrease of R11 941 885 from the previous year's budgeted amount of R66 357 182. The decrease in the budgeted amount was due to a decrease in allocations from National Treasury.

Growth in Operational Expenditure



Operation Expenditure Analysis:

Operational Expenditure Analysis	2009/2010	2010/2011	R Variance	% Variance
Employee related costs	17 752 168	19 362 223	1 610 055	9.06
Remuneration of Councillors	2 615 555	2 884 143	268 588	10.26
Debt Impairment	5 225 292	4 122 072	1 103 220	-21.30
Depreciation and Amortisation	3 762 670	3 657 118	105 552	-2.80
Asset Impairment				
Repairs and Maintenance	926 129	5 268 998	4 342 869	468.93
Actuarial losses				
Finance Charges	-7 863	1 179 791	1 187 654	14004.00
Bulk Purchases	4 249 447	5 113 861	864 414	20.34
Grants and Subsidies Paid				
Other Operating Grant Expenditure	4 020 971	6 817 222	2 796 251	69.54
General Expenses	15 007 694	18 880 029	3 872 335	25.80
Loss on Disposal of PPE/Investment Property				
TOTALS	**57 725 772**	**67 285 457**	**9 559 685**	**16.56**

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Personnel Expenditure

The current personnel expenditure is pitched at 25.8%

4.6.2 General Expenditure

The Actual General Expenditure has increased by 25.80% (R15 007 694) to R18 880 029 which is 28.06% of the total operating expenditure.

The following aims directly to address projects identified as priorities in Council Integrated Development Plan:

Total New Budgeted Assets	Budget Year 2010/2011	Budget Year 2009/10
Infrastructure – Road Transport	17 042 000	6 331 920
Infrastructure – Electricity	6 330 000	55 000
Infrastructure – Water		
Infrastructure Sanitation		
Infrastructure - Other		
INFRASTRUCTURE TOTAL	**23 372 000**	**6 386 920**
Community		
Heritage Assets		
Investment Properties		
Other Assets	4 150 000	7 260 566
Agricultural Assets		
Biological Assets		
Intangibles		

Repairs and Maintenance

Repairs & Maintenance	
2010 - 2011 Budget Repairs & Maintenance	1 434 000
R Amount Spent	5 268 998

4.6.3. Capital charges / loan commitments

An external loan in the amount of R 11 113 928.21 was taken up for the purchase of plant and equipment at Wes bank during the **2010/2011** financial year.

4.6.4. Contributions to Capital Outlay

The **R 18 640 291** (21.87% of total expenditure) was made available for Capital expenditure from Revenue would go directly towards projects identified in council's Integrated Development Plan.

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4.7 Operational Income

The realistic anticipated revenue of R **59 360 504** is **4.72 % (R 2 679 455) more than the previous financial year and** resulted in an estimated net surplus of R 4 509 603. It includes all sources of income e.g. own revenue, grants, subsidies, agency receipts, donor funds, trust funds, etc.

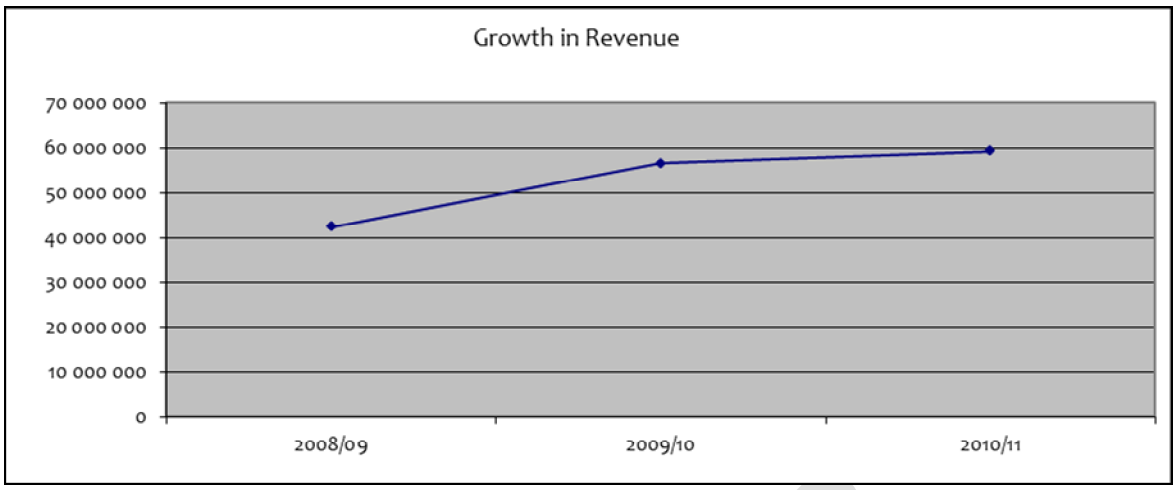
Operational Income	2009/2010	2010/2011
Property taxes	2 843 303	2 608 692
Government Grants and Subsidies - Capital	41 650 647	44 420 251
Service Charges	5 504 652	6 489 228
Rental of Facilities and Equipment	163 613	90 215
Interest Earned - external investments	1 076 721	701 261
Interest Earned - outstanding debtors	1 142 321	1 845 310
Licences and Permits	2 760 224	2 522 873
Other Income	1 539 568	682 674
Totals	**56 681 049**	**59 360 504**

Growth in Operational Income

Financial Year	2010 - 2011	2009 - 2010	2008 - 2009
Total Amount	59 360 504	56 681 049	42 445 387
% Increase/decrease	4.72%	33.53%	13.11%

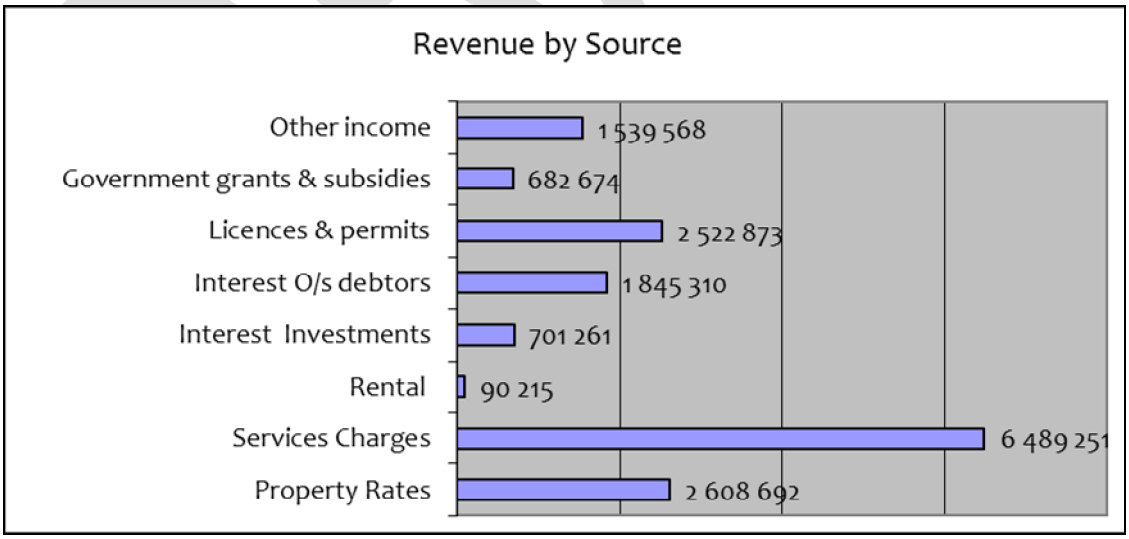
Operational Income	2009/2010	2010/2011
Property taxes	2 843 303	2 608 692
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Interest Earned - outstanding debtors	1 142 321	1 845 310
Licences and Permits	2 760 224	2 522 873
Other Income	1 539 568	682 674
Totals	**56 681 049**	**59 360 504**

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An analysis of Council's revenue sources is as follows:

Revenue By Source Operational Income	2009/2010	2010/2011
Property taxes	2 843 303	2 608 692
Government Grants and Subsidies - Capital	41 650 647	44 420 251
Service Charges	5 504 652	6 489 228
Rental of Facilities and Equipment	163 613	90 215
Interest Earned - external investments	1 076 721	701 261
Interest Earned - outstanding debtors	1 142 321	1 845 310
Licences and Permits	2 760 224	2 522 873
Other Income	1 539 568	682 674
Totals	**56 681 049**	**59 360 504**



4.8. Equitable Share

Council's equitable share allocation increased by 27.66% (R 5,741,000.00) and remains Council's major source of income.

Growth in Equitable share allocation:

Equitable Share	2009/2010	2010/2011	
Increases	20 754 000	26 495 000	
% Increase		5 741 000	(27.66% Increase)

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4.8.1. Other external income / grants / allocations

It is anticipated that the following external income / grants / allocations would be received during this financial year:

Grant Description	Balance 1 July 2010	Transfers	Contributions during the year	Interest on Investments	Operating Expenditure during the year transferred to Revenue	Capital Expenditure during the year transferred to Revenue	Balance 30 June 2011
CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS							
	R		**R**	**R**	**R**	**R**	**R**
National Government Grants							
Equitable Share			26 495 000.00		26 495 000.00		0.00
Municipal Finance Management	32 490.30		3 000 000.00	34 340.16	3 042 041.42		24 789.04
Municipal Infrastructure Grant	25 885.83		7 756 000.00	4 299.03	7 599 808.96		185 655.90
Municipal Systems Improvement	555 617.43		750 000.00	39 837.02	1 362 388.84		13 065.61
DME (Energy Grant)	10 535.29		6 000 000.00	116 233.09	2 313 653.18		3 713 115.20
EPWP (Expanded Public Works Program)							
Total National Government Grants	627 728.85		44 001 000	194 709.30	40 772 892.40		3 936 625.75
Provincial Government Grants							
Total Provincial Government Grants							
District Municipality Grants							
IDP	226 761.01		303 177.00	10 652.93	431 138.51		109 452.43
Total District Municipality Grants	226 761.01		303 177.00	10 652.93	431 138.51		109 452.43
Total	**854 489.86**		**44 304 177.00**	**205 362.23**	**41 204 030.91**		**4 046 078.18**

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4.8.2. Own income

Council's sound financial management since establishment during December 2000 has led to the stage where various activities and projects could be financed from its own income, reserve funds and accumulated surplus funds. Own income is based on the actual income received during the 2010 / 2011 financial year.

4.8.3 Occupational Income Analysis

Operational Income	2009/2010	2010/2011
Property taxes	2 843 303	2 608 692
Government Grants and Subsidies - Capital	41 650 647	44 420 251
Service Charges	5 504 652	6 489 228
Rental of Facilities and Equipment	163 613	90 215
Interest Earned - external investments	1 076 721	701 261
Interest Earned - outstanding debtors	1 142 321	1 845 310
Licences and Permits	2 760 224	2 522 873
Other Income	1 539 568	682 674
Totals	**56 681 049**	**59 360 504**

Operational increase / Growth R 2 679 455.

Financial Year	2010 - 2011	2009 - 2010	2008 - 2009
Total Amount	20 754 000	26 495 000	
% Increase/decrease		5 741 000	(27.66% Increase)

4.9. Water Service Authority (WSA)

The estimated expenditure for rendering the water and sanitation services have been forwarded to the WSA: CHDM District Municipality. The tariffs were increased as follows:

Tariff Increased
Water - Increased by 6%
Sanitation - Increased by 6%

A service delivery agreement between the WSA: CHDM District municipality and WSP (Water Service Provider): Emalahleni municipality has been entered into. However, the WSP/WSA contract is required to be redefined in respect of bulk service takeover by the CHDM (as in Water).This is to be addressed urgently.

Currently the rendering of these services continues uninterrupted, notwithstanding the extensive challenges that have faced the water-related targets, and notwithstanding the overall poor quality of water (having improved).

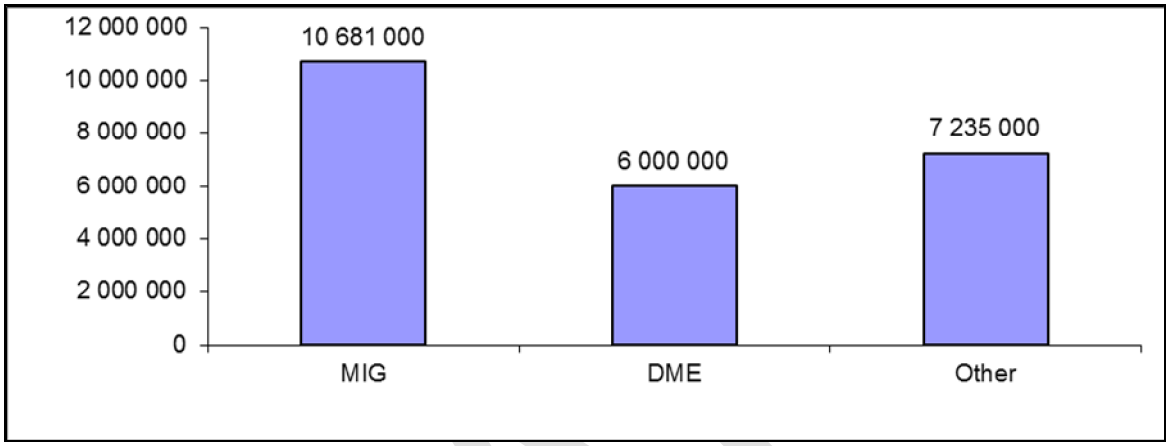
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4.9.1. 2010 / 2011 Capital Budget

The capital budget of R 17 922 000 is funded as follows:

10 681 000	**MIG**
6 000 000	**DME**
7 235 000	**Other**
17 922 000	

The **R 17 922 000** is funded as follows:



4.10. 2010/ 11 Financial Results

4.10.1 2010 /2011 Financial Statements

The Annual Financial Statements for the period ended 30 June 2011 was compiled and submitted to the Municipal Manager on the 31st August 2011 where after it was reviewed in terms of section 166(2)(b) by the audit committee. In September 2011 the statements will presented to, discussed and approved by the municipal council. Signed approved copies were thereafter forwarded to the National Treasury, Provincial Treasury and Auditor General.

A copy of these statements is attached to the Annual Report as ***Annexure A.***

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Operational results

The Municipality estimated a revenue budget of R68 006 886 million in the 2010/11 financial year. However, due to the global economic crisis and the ongoing implementation of improving the billing system together with the credit control policy, only 87.28% of the estimated budget was achieved.

- **Employee Related costs**
  A over expenditure of 0.06%.

- **Repairs and maintenance**
  In the financial year ending 2010/2011 the municipality has over expensed 267% of its repairs and maintenance budget.

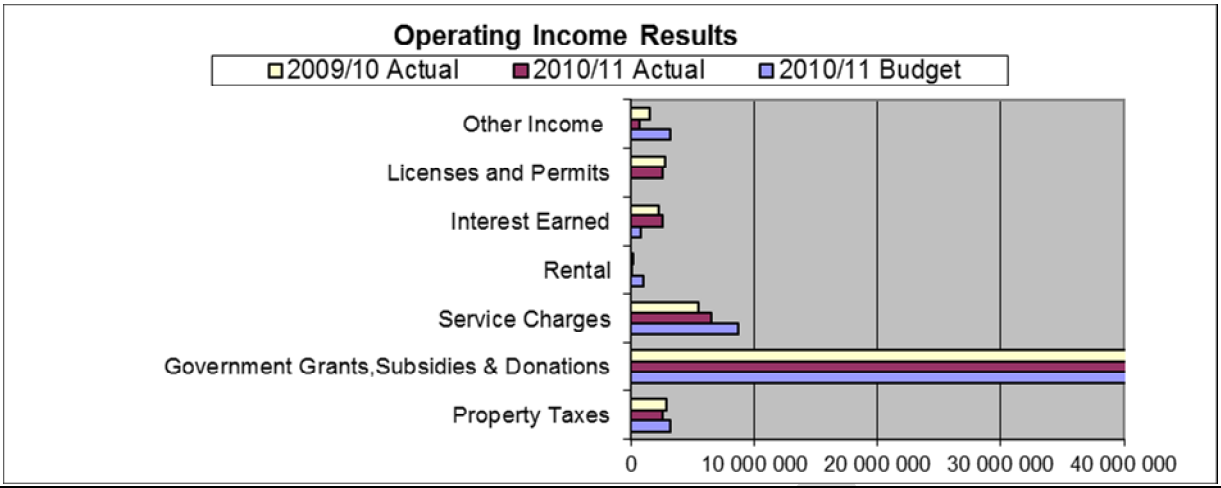
Revenue	2010/2011 Budget	2010/2011 Actual	% Variance Actual to Budget	2009/2010 Actual
Total Revenue	68 006 886	59 360 504	12.71%	56 681 049
Total Expenditure	54 415 297	67 285 457	23.65%	57 725 772
Operating Surplus	13 591 589	4 509 603	43.47%	6 643 320

4.10.3 Operating Income Results

Analysis of Operating Revenue & Expenditure for year ended June 2011

Operating Revenue Results

Operational Income	2009/2010	2010/2011	Budget 2010-2011	Budget Variance %
Property taxes	2 843 303	2 608 692	3 160 000	-17.44
Government Grants and Subsidies - Capital	41 650 647	44 420 251	51 716 000	-14.10
Service Charges	5 504 652	6 489 228	8 714 000	-25.53
Rental of Facilities and Equipment	163 613	90 215	1 007 700	-91.04
Interest Earned - external investments	1 076 721	701 261	720 000	-2.60
Interest Earned - outstanding debtors	1 142 321	1 845 310	80 000	2206.64
Licences and Permits	2 760 224	2 522 873		
Other Income	1 539 568	682 674	3 161 350	-78.40
Totals	**56 681 049**	**59 360 504**	**68 008 886**	**-12.72**



4.10.4 Operating Expenditure Results

	Actual 2009 - 2011	Actual 2010 - 2011	Budget 2010 - 2011	% Variance
Employee related costs	17 752 168	19 362 223	18 863 692	2.64
Remuneration of Councillors	2 615 555	2 884 143	3 235 032	-10.84
Debt Impairment	5 225 292	4 122 072	4 320 120	-4.58
Depreciation and Amortisation	3 762 670	3 657 118	4 060 000	-9.92
Asset Impairment				
Repairs and Maintenance	926 129	5 268 998	1 434 000	267.43
Actuarial losses				
Finance Charges	-7 863	1 179 791	842 480	40.03
Bulk Purchases	4 249 447	5 113 861	6 700 000	-23.67
Grants and Subsidies Paid				
Other Operating Grant Expenditure	4 020 971	6 817 222	5 803 000	17.47
General Expenses	15 007 694	18 880 029	8 885 973	112.47
Loss on disposal of PPE/Investment Property				
Totals	**57 725 772**	**67 285 457**	**54 415 297**	**-23.65**

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4.10.5 Capital expenditure and financing

The expenditure on assets occurred during the financial year amounted to **R18 640 291,** R3 019 901 more than the previous year expenditure of R15 620 390. The actual expenditure is 56.75% of what was budgeted for (R27 522 000) and consists of the following:

	2010 - 2011 Budget	Audit Outcome 2009 - 2010
Capital Expenditure - Standard		
Governance and administration	***2 150 000***	***683 338***
Executive and council	100 000	
Budget and treasury office	2 050 000	683 338
Corporate services		
Community and public safety	***2 000 000***	***218 464***
Community and social services		199 656
Sport and recreation		
Public safety	2 000 000	9 112
Housing		
Health		9 696
Economic and environmental services	***17 042 000***	***14 514 660***
Planning and development		
Road transport	17 042 000	14 514 660
Environmental protection		-
Trading services	***6 330 000***	***203 928***
Electricity	6 330 000	11 928
Water		
Waste water management		
Waste management		192 000
Other	**-**	**-**
	27 522 000	**15 620 390**

4.10.6. Investments and cash

Council's primary bank account is held at First national bank. The existing signatories on all bank and investment accounts are:

- T. Samuel Municipal Manager
- P H Steyn Chief Financial Officer
- T Nkula Accountant: Expenditure

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Required that any two of the above-mentioned signatories authorize any payment or transfer from any of Council's bank or investment accounts.

Investments & Cash	2010 - 2011
First National Bank – 210 620 Branch Account Number 6207 6523 135	
Cash book balance at beginning of year	410 433
Cash book balance at end of year	3 270 476
Bank statement balance at beginning of year	504 681
Bank statement balance at end of year	871 244

Call Investment Deposits	2010 - 2011
Call investment deposits consist out of the following accounts:	
First National Bank	9 319 280
Totals	**9 319 280**

Investments are held at: First National Bank, Elliot

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2010	Received during this period	Redeemed Written off during the period	Balance at 30 June 2011
SHORT TERM LOANS							
Wes Bank				575 309	11 113 928	1 336 093	10 353 144
Total Short Term Loans							
LEASE LIABILITY							
Finance Leases							
Total Lease Liabilities							
TOTAL EXTERNAL LOANS				**575 309**	**11 113 928**	**1 336 093**	**10 353 144**

4.10.7 Long-term debtors

Debtor	Purpose	Outstanding as at 30 June 2011	Outstanding as at 30 June 2010	Outstanding as at 30 June 2009
		Nil	Nil	Nil
Total		**Nil**		

Service Receivables / Consumer Debtors

The following trade debtors were due to council as at 30 June 2011:

Debtor	Purpose	Amount
Chris Hani District Municipality	WSA Services rendered	**R 3 779 995.00**

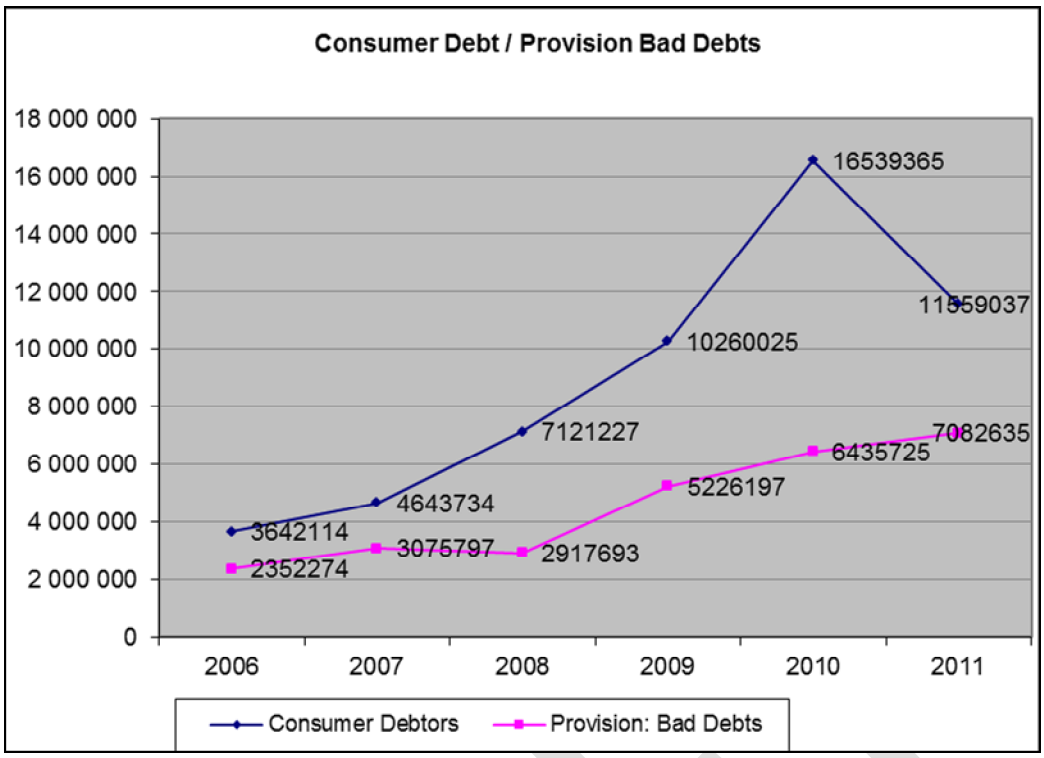
Service Receivables / Consumer Debtors	2010 - 2011	2009 - 2010
Electricity	1 701 569	1 765 648
Water		
Housing Rentals		
Refuse	13 977 489	11 553 541
Sewerage		
Other Trade Debtors	33 436	51 913
Other Receivables	46 818	137 669
Irregular expenditure: Refundable	40 350	26 587
Reversal of 2008/2009 Agency Fee balance represented by the Nett difference in debtors and impairment provision - Note 38.09		
Payments in advance		
Other		
Total Service Receivables		
Less: Allowance for Doubtful Debts	14 181 472	11 921 857
Net Service Receivables	1 618 190	1 613 501

Consumer debtors

Council's total Service receivables have increased by **0.29%** (R 4 689) from R **1 613 501**to **R 1 618 190** during this financial year

	2011	2010
Electricity		
Current (0-30 days)	564 214	460 468
31-60 days	165 968	136 331
61-90 days	56 455	64 392
91-120 days	67 931	56 729
121-365 days	240 303	305 594
TOTAL	1 127 871	1 023 514
Refuse		
Current (0-30 days)	261 334	272 987
31-60 days	16 691	14 591
61-90 days	9 609	8 279
91-120 days	3 988	5 487
121-365 days	82 829	85 138
Total	374 451	386 482

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4.11 Provisions

At year-end the following provisions were made for expenditure that would incur during the 2010/2011 financial year:

Purpose	Amount
Leave	2,158,826

4.11.1. Trade creditors

An amount of R 3 482 527 had not been paid to various trade creditors at year-end.

4.11.2 Consumer deposits

An amount of **R 313 534** as at 30 June 2011 is held as deposits on water and electricity services rendered to consumers.

4.12. AUDIT REPORTS AND CORRECTIVE ACTIONS

The auditing of the financial statements for the period ended 30 June 2011 has commenced during the first week of September 2011 and the Report of the Auditor-General of the Municipality for the Financial Year ended 30 June 2010 is attached to the Annual report as ***Annexure B***.

Corrective Actions

The Report of the Auditor-General is currently being dealt with by the Audit Committee.

4.13 CHALLENGES

The following is seen as the challenges that need to be accomplished:

- Compliance and implementation of the **Municipal Finance Management Act** (MFMA)
- Compliance to GRAP
- Implementation/conversion to GRAP. Senior financial staff continue to be sent for training on the implementation thereof and if needed the expertise of external service providers would be called upon to assist the department;
- Various new and existing **policies will be compiled/reviewed** and the all stakeholders will be consulted as required;
- **Training** of staff within the finance department would continue and is already underway. Capacity building within the finance department is council's and management's first priority;
- All **assets** are bar-coded and listed as required for the implementation of GRAP
- Finalization of Measurable performance objectives
- Departmental SDBIP'S for 2010/2011 completed, monitor, evaluated and report on implementation during 2011/201; (only Financial SDBIP completed)
- Population of Performance Scorecards and Agreements for s57 2011/2012
- To correct deficiencies in the risk management and internal controls - and the maintenance of effective, efficient and transparent systems of financial and risk management and internal control.
- Develop strategies /plans to address Audit Queries raised in the Budget & Treasury Department.
- Develop a strategy to deal with sound financial management and expenditure control and means to increase revenue and external funding

4.14. CONCLUDING REMARKS

Financial management remains a prioritized area of functioning and application within the Municipality:

As per the legislative requirements and prescriptions every effort is being made to ensure that the following financial management strategic objectives and targets are prioritized:

- Annual overview on Risk Management and an Implementation Plan
- Monitoring of financial viability re- debt coverage and expenditure control.
- Implementation of Revenue Management Strategies to enhance Revenue.
- Efforts to facilitate full GRAP compliance.
- The development and ongoing review of all required Financial Policies.

P STEYN
CHIEF FINANCIAL OFFICER

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SERVICE PROVIDERS REPORT

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CONTRACTORS MIG PROJECTS REPORT 2010/2011 FY

PROJECT NAME	CONSULTANT	CONTRACTOR	CONTRACT AMOUNT	EXPENDITURE TO DATE	STATUS	MIG REGISTRATION NUMBER	COMMENTS
Cala Pass Community Hall	Maisha Development Engineers	Braine Wave Construction	R 1 492 592.70	R 1 492 592.70	100% Complete	MIG/EC1625/CF/09/10	Contract has be Terminated with the contractor
Mamfengwini Qolombeni Access Road	Africa Dynamic Consultant	Amadwala Construction	R 2 649 174.00	R 2 649 174.00	Complete	MIG/R/EC/5053/08/09	Completed in April Retention
Manzimdaka Access Road	Mbesi Consulting	Lukhanji Construction	R 2 556 573.06	R 2 556 573.06	100% Complete	MIG/R/EC/5562/08/10	Completed in August
Ncaluka Access Road	Khulanathi Consultant	Langalethu Construction Qumbiso JV	R 1 371 752.24	R 1 371 752.24	100% Complete	MIG/EC1617/RST/08/09	Completed in June Retention
TOTAL CONTRACT AMOUNT			**R 8 070 092.00**				
TOTAL EXPENDITURE AMOUNT				**R 8 070 092.00**			
TOTAL BALANCE		**432 766.36**					

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ANNUAL FINANCIAL STATEMENTS

Pages 264 - 324

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31-08-11

Sakhisizwe Local Municipality



Financial Statements

2010 - 2011

AUDITOR - GENERAL
SOUTH AFRICA
2011 -08- 31

General Information

Nature of business and principal activities	Service delivery
Accounting Officer	Thembeni Samuel
Chief Finance Officer (CFO)	Pieter Steyn
Registered office	15 Maclear Road Elliot 5460
Business address	15 Maclear Road Elliot 5460
Postal address	PO Box 21 Elliot 5460
Bankers	First National Bank
Auditors	Office of the Auditor General

Sakhisizwe Local Municipality

Annual Financial Statements 30 June 2011

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Statement of Financial Performance		270
Statement of Changes in Net Assets		271
Cash flow statement		272
Accounting Policies	273	- 292
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The following supplementary information does not form part of the annual financial statements and

is unaudited: Detailed income statements

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

A report of the accounting officer has not been prepared as the municipality is a wholly owned controlled entity of which is incorporated in South Africa.

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Accounting Officer's Responsibilities and Approval

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

I am responsible for the annual financial statements set out on pages 4 to 57, in terms of section 126 (1) of the Municipal Finance Management Act and which have been prepared on the going concern basis. I certify that the salaries, allowances and benefits of Councillors and payments made to Councillors for loss of office as disclosed in the notes to the annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act. The annual financial statements have been approved on behalf of the Municipality by the accounting officer and were signed on its behalf by:

Thembeni Samuel
Municipal Manager

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Statement of Financial Position

Figures in Rand	Note(s)	2011	2010
Assets			
Current Assets			
Other receivables from non-exchange transactions	7	4,548,464	7,863,542
VAT receivable	8	3,969,770	-
Trade & other receivables from exchange transactions	9	1,618,190	1,613,501
Cash and cash equivalents	10	9,967,338	14,161,978
		20,103,762	**23,639,021**
Non-Current Assets			
Property, plant and equipment	4	91,397,212	74,796,622
Total Assets		**111,500,974**	**98,435,643**
Liabilities			
Current Liabilities			
Finance lease obligation	11	2,156,294	325,037
Trade and other payables from exchange transactions	14	4,935,368	5,276,883
Trade & other payables (non-exchange)	15	215,019	215,019
VAT payable	16	-	589,901
Consumer deposits	17	313,534	307,104
Employee benefit obligation	6	92,063	95,689
Unspent conditional grants and receipts	12	4,455,654	1,267,836
		12,167,932	**8,077,469**
Non-Current Liabilities			
Finance lease obligation	11	8,240,885	290,633
Employee benefit obligation	6	1,488,773	1,619,049
Provisions	13	2,323,200	2,112,000
		12,052,858	**4,021,682**
Total Liabilities		**24,220,790**	**12,099,151**
Net Assets		**87,280,184**	**86,336,492**
Net Assets			
Accumulated surplus		87,280,184	86,336,492

Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
Revenue	19	55,229,108	51,140,923
Other income		3,295,762	4,463,405
Operating expenses		(57,237,021)	(50,271,198)
Operating surplus		**1,287,849**	**5,333,130**
Investment revenue	29	835,634	1,076,721
Loss on sale of assets		-	(17,890)
Finance costs	32	(1,179,791)	7,863
Surplus for the year		**943,692**	**6,399,824**

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	79,849,796	79,849,796
Adjustments		
Prior year adjustments	86,872	86,872
Balance at 01 July, 2009 as restated	**79,936,668**	**79,936,668**
Changes in net assets		
Surplus for the year	6,399,824	6,399,824
Total changes	6,399,824	6,399,824
Balance at 01 July, 2010	**86,336,492**	**86,336,492**
Changes in net assets		
Surplus for the year	943,692	943,692
Total changes	943,692	943,692
Balance at 30 June, 2011	**87,280,184**	**87,280,184**

Note(s)

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Cash flow statement

Figures in Rand	Note(s)	2011	2010
Cash flows from operating activities			
Receipts			
Sale of goods and services		4,533,560	12,048,972
Grants		47,608,069	37,167,314
Other receipts		6,617,270	12,178,121
		58,758,899	61,394,407
Payments			
Employee costs		(23,112,979)	(20,463,246)
Suppliers		(9,603,972)	(486,037)
Other payments		(21,110,953)	(18,886,672)
Prior year non-cash journal		(3,626,402)	(3,659,999)
		(57,454,306)	(43,495,954)
Net cash flows from operating activities	36	**1,304,593**	**17,898,453**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(16,616,806)	(19,852,656)
Proceeds from sale of assets		-	(17,890)
Net cash flows from investing activities		**(16,616,806)**	**(19,870,546)**
Cash flows from financing activities			
Finance lease payments		9,781,509	(308,192)
Other cash item		(30,716)	(29,490)
Interest income		(1,179,791)	(68,366)
Finance costs		2,546,571	-
Net cash flows from financing activities		**11,117,573**	**(406,048)**
Net increase/(decrease) in cash and cash equivalents		**(4,194,640)**	**(2,378,141)**
Cash and cash equivalents at the beginning of the year		14,161,978	16,540,119
Cash and cash equivalents at the end of the year	10	**9,967,338**	**14,161,978**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Transitional provision

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where investment property was acquired through a transfer of functions, the municipality is not required to measure that investment property for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2011 and investment property has accordingly been recognised at provisional amounts, as disclosed in 3.

The exemption from applying the measurement requirements of the Standard of GRAP on Investment property implies that any associated presentation and disclosure requirements need not be complied with for investment property not measured in accordance with the requirements of the Standard of GRAP on Investment property.

Accounting Policies

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings wich is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity with a maximum period of four years such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revalutation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Accounting Policies

1.2 Property, plant and equipment (continued)

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life (years)
Buildings	30
Plant and machinery	10
Furniture and fixtures	5 - 7
Motor vehicles	5
Office equipment	5 - 7
IT equipment	5 - 7
Infrastructure	
• Roads and paving	25 - 50
• Pedestrian Malls	30
• Electricity	15 - 50
Community	
• Improvements	30
• Recreational facilities	20-30
• Security	5
Investment property	30

The residual value, and the useful life and depreciation method of each asset are reviewed annualy. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

Residual values have been determined for all movable assets based on supplier information such as motor vehicle book values, however where no supplier information for residual values could be established a residual value of 10% of the cost or fair value was used.

Accounting Policies

1.3 Landfill Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of landfill site. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of landfill site includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which itt is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.

1.4 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Accounting Policies

1.4 Intangible assets (continued)

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Accounting Policies

1.5 Financial instruments (continued)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

Accounting Policies

1.5 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

Accounting Policies

1.5 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Accounting Policies

1.5 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - Recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

Accounting Policies

1.5 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease or the bank prime interest rate..

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Accounting Policies

1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Transitional provision

The municipality changed its accounting policy for inventories in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure inventories for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Inventories. Inventories has accordingly been recognised at provisional amounts, as disclosed in . The transitional provision expires on Saturday, 30 June, 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where inventories was acquired through a transfer of functions, the municipality is not required to measure that inventories for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2011 and inventories has accordingly been recognised at provisional amounts, as disclosed in .

Until such time as the measurement period expires and inventories is recognised and measured in accordance with the requirements of the Standard of GRAP on Intangible assets, the municipality need not comply with the Standards of GRAP on:
- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Inventories implies that any associated presentation and disclosure requirements need not be complied with for inventories not measured in accordance with the requirements of the Standard of GRAP on Inventories.

Accounting Policies

1.8 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses annually whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess annually whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.9 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Accounting Policies

1.10 Employee benefits (continued)

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

The municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. An actuarial study was undertaken to determine the municipality's obligations. For defined benefit plans the cost of providing the benefits is determined using the projected credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Accounting Policies

1.11 Provisions and contingencies (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 37.

1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Accounting Policies

1.12 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.13 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Accounting Policies

1.14 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.16 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of financial performance and where recovered, it is subsequently accounted for as revenue in the Statement of financial performance.

1.19 Presentation of currency

These annual financial statements are presented in South African Rand which is the functional currency of the municipality.

1.20 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.21 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

2. New standards and interpretations

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have no been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions un the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is for years beginning on or after 01 April, 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the municipality.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April, 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 104: Financial Instruments

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments. Financial instruments are defined as those contracts that results in a financial asset in one municipality and a financial liability or residual interest in another municipality. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

One of the key considerations in initially recognising financial instruments is the distinction, by the issuers of those instruments, between financial assets, financial liabilities and residual interests. Financial assets and financial liabilities are distinguished from residual interests because they involve a contractual right or obligation to receive or pay cash or another financial instrument. Residual interests entitle an municipality to a portion of another municipality's net assets in the event of liquidation and, to dividends or similar distributions paid at management's discretion.

In determining whether a financial instrument is a financial asset, financial liability or a residual interest, an municipality considers the substance of the contract and not just the legal form.

Where a single instrument contains both a liability and a residual interest component, the issuer allocates the instrument into its component parts. The issuer recognises the liability component at its fair value and recognises the residual interest as the difference between the carrying amount of the instrument and the fair value of the liability component. No gain or loss is recognised by separating the instrument into its component parts.

Financial assets and financial liabilities are initially recognised at fair value. Where an municipality subsequently measures financial assets and financial liabilities at amortised cost or cost, transactions costs are included in the cost of the asset or liability.

The transaction price usually equals the fair value at initial recognition, except in certain circumstances, for example, where interest free credit is granted or where credit is granted at a below market rate of interest.

Concessionary loans are loans either received by or granted to another municipality on concessionary terms, e.g. at low interest rates and flexible repayment terms. On initial recognition, the fair value of a concessionary loan is the present value of the agreed contractual cash flows, discounted using a market related rate of interest for a similar transaction. The difference between the proceeds either received or paid and the present value of the contractual cash flows is accounted for as non-exchange revenue by the recipient of a concessionary loan in accordance with Standard of GRAP on Revenue from Non-exchange Revenue Transactions (Taxes and Transfers), and using the Framework for the Preparation and Presentation of Financial Statements (usually as an expense) by the grantor of the loan.

Financial assets and financial liabilities are subsequently measured either at fair value or, amortised cost or cost. An municipality measures a financial instrument at fair value if it is:

- a derivative;
- a combined instrument designated at fair value, i.e. an instrument that includes a derivative and a non-derivative host contract;
- held-for-trading;
- a non-derivative instrument with fixed or determinable payments that is designated at initial recognition to be measured at fair value;
- an investment in a residual interest for which fair value can be measured reliably; and
- other instruments that do not meet the definition of financial instruments at amortised cost or cost.

Derivatives are measured at fair value. Combined instruments that include a derivative and non-derivative host contract are accounted for as follows:

- Where an embedded derivative is included in a host contract which is a financial instrument within the scope of this Standard, an entity can designate the entire contract to be measured at fair value or, it can account for the host contract and embedded derivative separately using GRAP 104. An municipality is however required to measure the entire instrument at fair value if the fair value of the derivative cannot be measured reliably.
- Where the host contract is not a financial instrument within the scope of this Standard, the host contract and embedded derivative are accounted for separately using GRAP 104 and the relevant Standard of GRAP.

Financial assets and financial liabilities that are non-derivative instruments with fixed or determinable payments, for example deposits with banks, receivables and payables, are measured at amortised cost. At initial recognition, an municipality can however designate such an instrument to be measured at fair value.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

An municipality can only measure investments in residual interests at cost where the fair value of the interest cannot be determined reliably.

Once an municipality has classified a financial asset or a financial liability either at fair value or amortised cost or cost, it is only allowed to reclassify such instruments in limited instances.

An entity derecognises a financial asset, or the specifically identified cash flows of an asset, when:

- the cash flows from the asset expire, are settled or waived;
- significant risks and rewards are transferred to another party; or
- despite having retained significant risks and rewards, an municipality has transferred control of the asset to another municipality.

An municipality derecognises a financial liability when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where an municipality modifies the term of an existing financial liability, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

An municipality cannot offset financial assets and financial liabilities in the statement of financial position unless a legal right of set-off exists, and the parties intend to settle on a net basis.

GRAP 104 requires extensive disclosures on the significance of financial instruments for an municipality's statement of financial position and statement of financial performance, as well as the nature and extent of the risks that an municipality is exposed to as a result of its annual financial statements. Some disclosures, for example the disclosure of fair values for instruments measured at amortised cost or cost and the preparation of a sensitivity analysis, are encouraged rather than required.

GRAP 104 does not prescribe principles for hedge accounting. An municipality is permitted to apply hedge accounting, as long as the principles in IAS 39 are applied.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April, 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph .19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the municipality is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;

Notes to the Annual Financial Statements

2. **New standards and interpretations (continued)**
    - include the same activities and entities;
    - use the same classification system; and
    - are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April, 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 103: Heritage Assets

Grap 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

A heritage asset should be recognised as an asset only if:
- it is probable that future economic benefits or service potential associated with the asset will to the municipality; and
- the cost of fair value of the asset can be measured reliably.

The standard required judgment in applying the initial recognition criteria to the specific circumstances surrounding the entity and the assets.

Grap 103 states that a heritage asset should be measured at its cost unless it is acquired through a non-exchange transaction which should then be measured at its fair value as at the date of acquisition.

In terms of the standard, an entity has a choice between the cost and revaluation model as accounting policy for subsequent recognition and should apply the chosen policy to an entire class of heritage assets.

The cost model requires a class of heritage assets to be carried at its cost less any accumulated impairment losses.

The revaluation model required a class of heritage assets to be carried at its fair value at the date of the revaluation less any subsequent impairment losses. The standard also states that a restriction on the disposal of a heritage asset does not preclude the entity from determining the fair value.

Grap 103 prescribes that when determining the fair value of a heritage asset that has more than one purpose, the fair value should reflect both the asset's heritage value and the value obtained from its use in the production or supply of goods or services or for administrative purposes.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase should be credited directly to a revaluation surplus. However, the increase should be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit. If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease should be recognised in surplus or deficit. However, the decrease should be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Grap 103 states that a heritage asset should not be depreciated but an entity should assess at each reporting date whether there is an indication that it may be impaired.

In terms of the standard, compensation from third parties for heritage assets that have been impaired, lost or given up, should be included in surplus or deficit when the compensation becomes receivable.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

For a transfer from heritage assets carried at a revalued amount to property, plant and equipment, investment property, inventories or intangible assets, the asset's deemed cost for subsequent accounting should be its revalued amount at the date of transfer. The entity should treat any difference at that date between the carrying amount of the heritage asset and its fair value in the same way as a revaluation in accordance with this Standard. If an item of property, plant and equipment or an intangible asset carried at a revalued amount, or investment property carried at fair value is reclassified as a heritage asset carried at a revalued amount, the entity applies the applicable Standard of GRAP to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard of GRAP relating to that asset. For a transfer from investment property carried at fair value, or inventories to heritage assets at a revalued amount, any difference between the fair value of the asset at that date and its previous carrying amount should be recognised in surplus or deficit.

The carrying amount of a heritage asset should be derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

The effective date of the standard is for years beginning on or after 01 April, 2012.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 21: Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

An municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, an entity estimates the recoverable service amount of the asset.

The present value of the remaining service potential of a non-cash-generating asset is determined using one of the following approaches:

- Depreciated replacement cost approach
- Restoration cost approach
- Service units approach

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

An municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, an entity estimates the recoverable service amount of that asset.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April, 2012.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 26: Impairment of cash-generating assets

Cash-generating assets are those assets held by an municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

An entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, an municipality estimates the recoverable amount of the asset. When estimating the value in use of an asset, an municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and an municipality applies the appropriate discount rate to those future cash flows.

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, an municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, an entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

An municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, an municipality estimates the recoverable amount of that asset.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April, 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 25: Employee benefits

The objective of GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

GRAP25 defines, amongst others, the following:

- Employee benefits as all forms of consideration given by an municipality in exchange for service rendered by employees;
- Defined contribution plans as post-employment benefit plans under which an municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;
- Defined benefit plans as post-employment benefit plans other than defined contribution plans;
- Multi-employer plans as defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that:
  - pool the assets contributed by various entities that are not under common control; and
  - use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the municipality that employs the employees concerned;
- Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;
- Post-employment benefit plans as formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees;
- Short-term employee benefits as employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service;
- State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- Termination benefits as employee benefits payable as a result of either:
  - an entity's decision to terminate an employee's employment before the normal retirement date; or
  - an employee's decision to accept voluntary redundancy in exchange for those benefits;
- Vested employee benefits as employee benefits that are not conditional on future employment.

The standard states the recognition, measurement and disclosure requirements of:

- Short-term employee benefits;
  - All short-term employee benefits;
  - Short-term compensated absences;
  - Bonus, incentive and performance related payments;
- Post-employment benefits: Defined contribution plans;
- Other long-term employee benefits;
- Termination benefits.

The standard states Post-employment benefits: Distinction between defined contribution plans and defined benefit plans:

- Multi-employer plans;
- Defined benefit plans where the participating entities are under common control;
- State plans;
- Composite social security programmes;
- Insured benefits.

The standard states, for Post-employment benefits: Defined benefit plans, the following requirements:

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- Recognition and measurement;
- Presentation;
- Disclosure;
- Accounting for the constructive obligation;
- Statement of financial position;
- Asset recognition ceiling;
- Asset recognition ceiling: When a minimum funding requirement may give rise to a liability;
- Statement of financial performance.

The standard prescribes recognition and measurement for:

- Present value of defined benefit obligations and current service cost:
  - Actuarial valuation method;
  - Attributing benefits to periods of service;
  - Actuarial assumptions;
  - Actuarial assumptions: Discount rate;
  - Actuarial assumptions: Salaries, benefits and medical costs;
  - Actuarial gains and losses;
  - Past service cost.
- Plan assets:
  - Fair value of plan assets;
  - Reimbursements;
  - Return on plan assets.

The standard also deals with Entity combinations and Curtailments and settlements.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April, 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

3. Investment property

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	-	-	-	-	-	-

Reconciliation of investment property - 2011

	Opening balance	Total
Investment property	-	-

Reconciliation of investment property - 2010

	Opening balance	Total
Investment property	-	-

Transitional provisions

Investment property recognised at provisional amounts

The municipality elected to adopt the transitional provisions for GRAP 16, Investment property, as per paragraph 67 of Directive 4. According to the transitional provision, the municipality is not required to measure investment property for reporting periods beginning on or after a date within three years following the date of initial adoption of the standards of GRAP on Investment property. Although investment properties have been identified, they have accordingly been recognised at provisional amounts. The municipality is in the process of measuring the investment property. The transitional provision expires on 30 June 2011.

4. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	883,000	-	883,000	883,000	-	883,000
Buildings	8,335,501	-	8,335,501	8,290,500	-	8,290,500
Landfill Sites	2,055,175	(486,992)	1,568,183	2,055,175	(243,496)	1,811,679
Plant and machinery	17,340,688	(4,497,258)	12,843,430	3,110,632	(2,405,518)	705,114
Furniture and fixtures	1,668,411	(611,837)	1,056,574	386,697	29,457	416,154
Motor vehicles	2,516,734	(1,635,773)	880,961	2,516,734	(1,397,358)	1,119,376
Office equipment	339,195	(133,124)	206,071	211,269	(108,327)	102,942
IT equipment	1,385,036	(676,338)	708,698	1,195,188	(474,567)	720,621
Emergency equipment	52,872	(36,254)	16,618	52,872	(31,581)	21,291
Infrastructure	65,463,299	(4,065,337)	61,397,962	62,156,793	(3,297,429)	58,859,364
Community	2,468,464	-	2,468,464	1,866,581	-	1,866,581
Capital work in progress	1,031,750	-	1,031,750	-	-	-
Total	**103,540,125**	**(12,142,913)**	**91,397,212**	**82,725,441**	**(7,928,819)**	**74,796,622**

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2011

	Opening balance (Carrying value)	Additions	WIP	Depreciation & other adjustments	Total (Carrying value)
Land	883,000	-	-	-	883,000
Buildings	8,290,500	45,001	-	-	8,335,501
IT equipment	720,621	189,848	-	(201,771)	708,698
Furniture and fixtures	416,154	740,954	-	(100,534)	1,056,574
Office equipment	102,942	127,926	-	(24,797)	206,071
Emergency Equipment	21,291	-	-	(4,673)	16,618
Motor vehicles	1,119,376	-	-	(238,415)	880,961
Plant and machinery	705,114	14,230,056	-	(2,091,740)	12,843,430
Infrastructure	58,859,364	3,306,506	-	(767,908)	61,397,962
Community	1,866,581	601,883	-	-	2,468,464
Landfill Sites	1,811,679	-	-	(243,496)	1,568,183
Capital work in progress	-	-	1,031,750	-	1,031,750
	74,796,622	**19,242,174**	**1,031,750**	**(3,673,334)**	**91,397,212**

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2010

	Opening balance (Carrying value)	Additions	WIP	Disposals	Depreciation & other adjustments	Impairment reversal	Total (Carrying value)
Land	883,000	-	-	-	-	-	883,000
Buildings	8,105,000	185,500	-	-	-	-	8,290,500
IT equipment	368,187	499,090	-	(6,500)	(143,179)	3,023	720,621
Furniture and fixtures	289,292	188,674	-	-	(61,812)	-	416,154
Office equipment	114,600	-	-	-	(11,658)	-	102,942
Emergency equipment	27,704	-	-	-	(6,413)	-	21,291
Motor vehicles	1,137,430	-	-	(74,650)	36,442	20,154	1,119,376
Plant and machinery	853,951	141,712	-	(125,487)	(278,000)	112,938	705,114
Infrastructure	44,942,198	12,119,851	5,094,744	-	(3,297,429)	-	58,859,364
Community	-	1,866,581	-	-	-	-	1,866,581
Landfill Sites	2,055,175	-	-	-	(243,496)	-	1,811,679
	58,776,537	**15,001,408**	**5,094,744**	**(206,637)**	**(4,005,545)**	**136,115**	**74,796,622**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Land & Buildings: The valuation of Municipal owned properties as at 2010 was replaced by an amended listing compiled by the Property Valuer and capitalised under Land & Buildings as at 30 June 2011. The difference to the balance as at 30 June 2010 was adjusted as a prior year error adjustment. Depreciation on Buildings will commence from the 1st July 2011.

Community Centres: completion certificates were not available as at the time of the financial statements in order to determine the date from when depreciation should commence, all depreciation on community centres will therefore commence from the 1st July 2011.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

5. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2011

	Financial assets amortised	Non-financial assets	Total
Other receivables from non-exchange transactions	2,717,165	4,139,077	6,856,242
VAT	-	3,969,770	3,969,770
Trade & other receivables from exchange transactions	1,618,190	-	1,618,190
Cash & cash equivalents	9,967,338	-	9,967,338
PPE	-	91,397,212	91,397,212
	14,302,693	**99,506,059**	**113,808,752**

2010

	Financial assets amortised	Non-financial assets	Total
Other receivables from non-exchange transactions	2,467,143	7,704,177	10,171,320
VAT	-	-	-
Trade & other receivables from exchange transactions	1,613,501	-	1,613,501
Cash & cash equivalents	14,161,978	-	14,161,978
PPE	-	74,796,622	74,796,622
	18,242,622	**82,500,799**	**100,743,421**

6. Employee benefit obligations

Defined benefit plan

The plan is a post employment medical aid defined benefit medical plan. The last valuation was performed by Deloitte & Touch Actuarial & Insurance Solutions using the Projected Unit Credit Method.

The value of the PRMA (Post-retirement medical assistance) liability is respect of all eligible Sakhisizwe Municipality employees who belong to one of the following medical schemes: Hosmed, Kei Health, LA Health, Bonitas and SAMWUMED.

Sakhisizwe Municipality will contribute 70% of the total premium payable, subject to a maximum of R2 850.80 (2010: R2 850.80.) The municipality only subsidises the employee, spouse or life partner, biological children, and legally adopted children, up to the age of 21 years. An assumption is therefore made that should a child dependant turn 21 years of age, he/she is no longer eligible for subsidy benefits.

Post retirement defined benefit medical aid plan

Membership profile: 2010

- The calculation is based on 4 members (2009: 4) with an average age of 66.1 (2009: 65.1), and 0.75 average dependants 2009: 1) and an average monthly contribution of R1 871 (R1 923)

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

6. Employee benefit obligations (continued)

The average age of pensioners increased by 1 year since the previous valuation as expected. The average number of dependants decreased from 1 to 0.75 due to 1 pensioner (Coetzer) passing away since the previous valuation and his wife becoming the main member with no dependants.
The small change in average monthly employer contribution is due to the following:
- An increase in the medical scheme contribution rates. The principal member contributions increased from R 1,434 to R 1,563 (9%) for LA Active and from R 2,432 to R 2,687 (10.49%) for LA Core.
- However, due to the death of Coetzer, the contribution payable for this pensioner is now based only on the principle member contribution and therefore, has reduced the overall average contribution significantly.

The amounts recognised in the statement of financial position are as follows:

Present value of the defined benefit medical aid obligation		
Present value of the defined benefit medical aid obligation	(1,580,836)	(1,714,738)
Non-current liabilities	(1,488,773)	(1,619,049)
Current liabilities	(92,063)	(95,689)
	(1,580,836)	**(1,714,738)**

There are no plan assets held by the municipality.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	(1,714,738)	(1,809,261)
Interest cost	(115,854)	(135,409)
Benefit payments	95,689	95,441
Actuarial gain	154,067	134,491
	(1,580,836)	**(1,714,738)**

Key assumptions used

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

6. Employee benefit obligations (continued)

Assumptions used at the reporting date:
Valuation assumptions

We used realistic assumptions in the central basis.
In this section, we discuss the central basis, on which the main results are based. We also performed sensitivity tests in a separate section below where we changed the central basis to allow for other factors and examined the effects on the results. These adjusted bases are discussed below where the results of the sensitivity tests are shown.

Investment returns

There is general agreement amongst the actuarial profession that IAS 19 (AC 116) requires the valuation discount rate to be equal to actual long bond yields at the date of the valuation (par. 78-82 of IAS 19 (AC 116)). The statement stipulates that:
The rate used to discount post-employment benefit obligations (both funded and unfunded) shall be determined by reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the balance sheet date) on government bonds should be used. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.
We have used the entire zero-coupon South African Bond Yield curve as at 30 June 2011 in the PRMA valuation of Sakhisizwe Municipality. Therefore, a single assumption for the discount rate is not shown.

Medical inflation

Since the discount rates were described using a yield curve, a yield curve is also used to describe future medical inflation. Future medical inflation was assumed to be 1% lower than the valuation discount rate at each term to maturity.
It is not the actual levels of the assumptions that are important, but rather the differences or gaps between them (particularly between medical inflation and the discount rate). We believe that a long-term gap of 1% between medical inflation and the valuation discount rate is reasonable for long term valuation purposes. We refer to the difference between medical inflation and the discount rate as the „gap" or the real discount rate. 7 .
Consumer Price Index
We have assumed CPI to be 3% lower than the discount rate at each term to maturity. This is different to the assumption used in the previous valuation of 3.5% lower than the discount rate at each term to maturity.
A gap of 3.00% between CPI and the discount rate is believed to be more reflective view of future CPI rates due to the following two factors:
1. The current gap between CPI and the ZAR zero-coupon bond yield is below 3.25%.

Statssa released their latest May 2011 CPI rate in April 2011. The May 2011 CPI rate is 4.6% year-on-year. In comparison, the ZAR zero-coupon bond annual effective yield is currently at 5.38%. The actual gap between CPI and the ZAR zero-coupon bond yield as at June 2011 is therefore 1.22%. The actual gap is therefore below 3.25%.
2. More importantly, over the long-term, the average gap between the ZAR zero-coupon bond yield curve and forecasted CPI is expected to be lower than 3.25%.

Therefore, we have reduced the CPI Gap assumption to 3.00% for the current valuation as this assumption provides a better reflection of expected future CPI rates in comparison to the previous assumption of 3.25%. We believe that a long-term gap of approximately 3.00% between CPI and the valuation discount rate is reasonable for long term valuation purposes.

Salary inflation

The maximum subsidy amount payable by Sakhisizwe Municipality of R 2,850.80 at 30 June 2011 is expected to increase from time to time. The rate of increase is assumed to be equivalent to salary inflation. This implies that salary inflation will have an impact on the liability. For the current valuation we have assumed salary inflation to be 1% above CPI in the long run. This is different to the assumption used in the previous valuation of 2% above CPI in the long run. This change in assumption is due to a decreasing trend in salary inflation over the long term.
Based on this assumption, salary inflation is assumed to be at a rate of 4.02% in the valuation model as at 30 June 2011 (compared to an expected salary inflation of 5.36% in the 2010 valuation). This implies that the maximum subsidy amount is expected to increase to R 2965.29 for the year 1 July 2011 to 30 June 2012.

The real discount rate (or the 'gap')

Figures in Rand	2011	2010

6. Employee benefit obligations (continued)

This is the variable having the greatest effect on the liability. Small changes in this assumption will lead to large changes in the liability result. As discussed above, we have assumed a gap of 1%. The effect of changes in the real discount rate is shown under the sensitivity analysis in a separate section below.

Normal retirement age

The normal retirement age of the Sakhisizwe Municipality employees is 65 years for males and 60 years for females.

Mortality

The post-retirement mortality used in the valuation is PA(90) M for males, and PA(90) F for Females.

Marital Status/Number of Child Dependants/Number of Adult Dependants

The actual numbers of adult and child dependants was used when valuing the pensioners. The actual ages of adult dependants were used, as per the data received for 2011.
The overall effect of membership changes has resulted in a significant decrease in the liability.

7. Other receivables from non-exchange transactions

Rates (net of impairment)	2,717,165	2,467,143
Debtor for the Rehabilitation of Landfill Sites	2,323,200	2,112,000
Chris Hani District Municipality Agency Account	(491,901)	3,191,610
Insurance Payments due	-	52,130
Staff Salary overpayments	-	40,659
	4,548,464	**7,863,542**

2010: Salaries paid to Section 57 managers during the financial year exceeded the salaries approved and authorised by Council by R40 659. The municipality is in the process of recovering the over payment from the staff and a corresponding debtors account has been created for the amount due from the staff.

2010: Insurance Payment due relates to a vehicle which was written off in an accident on the 31 August 2009, but for which the insurance payment was only paid out on the 15th October 2010. A corresponding Debtor was created as at year end 30 June 2010 for the amount payable by the Insurance company. The amount paid was split between the payment of R28 505,77 paid to Wesbank in settlement of the Finance Lease and R23 634,23 paid directly to the Municipality.

8. VAT receivable

VAT Receivable	3,969,770	-

9. Trade and other receivables from exchange transactions

Gross balances		
Electricity	1,701,569	1,765,648
Refuse	13,977,489	11,553,541
Other Trade Debtors	33,436	51,913
Other receivables	46,818	137,669
Irregular expenditure: Refundable	40,350	26,587
	15,799,662	**13,535,358**
Less: Provision for debt impairment		
Electricity	(573,698)	(742,134)
Refuse	(13,603,038)	(11,167,059)
Other Trade Debtors	(4,736)	(12,664)
Other receivables	-	-
	(14,181,472)	**(11,921,857)**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

9. Trade and other receivables from exchange transactions (continued)

Net balance		
Electricity	1,127,871	1,023,514
Refuse	374,451	386,482
Other Trade Debtors	28,700	39,249
Other receivables	46,818	137,669
Irregular Expenditure: Refundable	40,350	26,587
	1,618,190	**1,613,501**
Electricity		
Current (0 -30 days)	564,214	460,468
31 - 60 days	165,968	136,331
61 - 90 days	89,455	64,392
91 - 120 days	67,931	56,729
121 - 365 days	240,303	305,594
	1,127,871	**1,023,514**
Refuse		
Current (0 -30 days)	261,334	272,987
31 - 60 days	16,691	14,591
61 - 90 days	9,609	8,279
91 - 120 days	3,988	5,487
121 - 365 days	82,829	85,138
	374,451	**386,482**
Irregular expenditure		
Current (0 -30 days)	40,350	26,587
Other receivables		
Current (0 -30 days)	46,818	137,669
Other Trade Debtors		
Current (0 -30 days)	8,129	8,659
31 - 60 days	521	2,465
61 - 90 days	240	2,263
91 - 120 days	235	1,309
121 - 365 days	19,575	24,553
	28,700	**39,249**
Reconciliation of debt impairment provision		
Balance at beginning of the year	(11,921,857)	(10,077,553)
Contributions to provision	(2,259,615)	(1,844,304)
	(14,181,472)	**(11,921,857)**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	648,056	32,648
Short-term deposits	9,319,282	14,129,330
	9,967,338	**14,161,978**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June, 2011	30 June, 2010	30 June, 2009	30 June, 2011	30 June, 2010	30 June, 2009
First National Bank - Current Account - 6207-652-3135	871,244	504,350	204,891	648,056	32,648	759,353
MSP - 6207-652-2294	43,377	44,052	44,683	43,378	44,052	44,683
MIG - 6207-657-7091	185,655	25,885	3,781,275	185,656	25,886	3,781,275
Disaster fund - 6207-659-5902	-	75,346	76,006	-	75,347	76,006
Elliot Housing - 6207-745-0056	1,109	1,109	41,309	1,110	1,109	41,309
Survey Account - 6207-659-0621	9,367	10,087	10,747	9,368	10,088	10,747
Extension 13&14 -6207-745-1278	1,000	1,000	6,231	1,000	1,000	6,231
Extension 15 - 6207-740-8203	2,213	2,213	5,103	2,213	2,213	5,103
FMG - 6216 - 538 - 9464	24,789	32,490	10,000	24,789	32,490	10,000
General Valuation - 6207-745-0832	1,000	1,000	1,000	1,000	1,000	1,000
IDP plan - 6207-744-9603	109,452	226,761	106,761	109,452	226,761	106,761
MSIG - 6216-538-9555	13,065	585,617	473,750	13,066	585,617	473,750
PMF review account - 6216-534-1993	172,764	172,764	172,764	172,764	172,764	172,764
DME - 6220-960-0776	3,713,115	10,535	877,302	3,713,115	10,535	877,302
IEC - 6221-824-3418	47,422	47,422	47,422	47,423	47,423	47,422
Skills Development - 6217-582-8189	31,319	31,319	96,810	31,320	31,320	96,810
FNB Operating Call - 6216-534-1943	4,963,627	12,861,725	11,825,614	4,963,628	12,861,725	11,825,614
Total	**10,190,518**	**14,633,675**	**17,781,668**	**9,967,338**	**14,161,978**	**18,336,130**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

11. Finance lease obligation

Minimum lease payments due		
- within one year	3,398,375	366,202
- in second to fifth year inclusive	10,126,434	303,068
	13,524,809	669,270
less: future finance charges	(3,127,630)	(53,600)
Present value of minimum lease payments	**10,397,179**	**615,670**
Present value of minimum lease payments due		
- within one year	2,156,294	325,037
- in second to fifth year inclusive	8,240,885	290,633
	10,397,179	**615,670**
Non-current liabilities	8,240,885	290,633
Current liabilities	2,156,294	325,037
	10,397,179	**615,670**

It is the municipality policy to lease certain motor vehicles, plant & equipment under finance leases. In terms of GRAP 13, when office equipment is rented over the major part of its useful life, the relevant lease is deemed a finance lease and the related liability raised and the asset capitalised.

The average lease term was 5 years and the average effective borrowing rate was prime.

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
National conditional grants	4,036,626	654,528
Other conditional grants	419,028	613,308
	4,455,654	**1,267,836**
Movement during the year		
Balance at the beginning of the year	1,267,836	5,751,169
Additions during the year	17,809,785	21,181,863
Income recognition during the year	(14,621,967)	(25,665,196)
	4,455,654	**1,267,836**

These amounts are invested in a ring-fenced investment until utilised.

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding is expected over the next three financial years.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

13. Provisions

Reconciliation of provisions - 2011

	Opening Balance	Additions	Total
Environmental rehabilitation of Landfill Sites	2,112,000	211,200	2,323,200

Reconciliation of provisions - 2010

	Opening Balance	Additions	Total
Environmental rehabilitation of landfill sites	-	2,112,000	2,112,000

14. Trade and other payables from exchange transactions

Trade payables	2,318,978	2,320,950
Accrual for leave	1,452,841	1,797,378
Accrued expenses: Provision 13th cheque	476,829	407,927
Accrued expenses: Workmens compensation	309,264	309,264
Deposits received: Dam & Hall deposits	6,084	5,476
Other creditors: Debtors in credit balance	371,372	435,888
	4,935,368	**5,276,883**

The accrued expense for Workmens Compensation in 2010 relates to an assessment received for the 2005 financial year, for which the municipality has not yet submitted an assessment to the Department of Labour ito compensation for Health & Safety. The municipality is currently in the process of negotiating settlement terms for the debt.

The fair value of trade and other payables approximates their carrying amounts.

15. Trade and other payables from non-exchange transactions

Housing Department agency account	215,019	215,019

2010: There was an agency agreement between the Department of Housing and Sakhisizwe Municipality, whereby the Department of Housing pays over funds to the municipality, who in return pays over the funds on behalf of the Department to the relevant contractors for the construction of housing. In terms of the agreement, the funds received are not treated as revenue and the payments made are not treated as expenditure in the financial statements of the municipality. The municipality mearly acts as an agent on behalf of the department.

16. VAT payable

Tax refunds payables	-	589,901

17. Consumer deposits

Electricity	313,534	307,104

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

18. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2011

	Financial liabilities at amortised cost	Non-financial liabilities	Total
Finance lease obligation	-	10,397,179	10,397,179
Trade & other payables from exchange	3,005,698	1,929,670	4,935,368
Trade & other payables non-exchange	-	215,019	215,019
Consumer deposits	-	313,534	313,534
Retiremant benefit obligation	-	1,580,836	1,580,836
Unspent conditional grants and receipts	4,455,654	-	4,455,654
Provisions	-	2,323,200	2,323,200
	7,461,352	**16,759,438**	**24,220,790**

2010

	Financial liabilities at amortised cost	Non-financial liabilities	Total
Finance lease obligation	-	615,670	615,670
Trade & other payables from exchange	3,071,578	2,205,305	5,276,883
Trade & other payables non-exchange	-	215,019	215,019
VAT	-	589,901	589,901
Consumer deposits	-	307,104	307,104
Retiremant benefit obligation	-	1,714,738	1,714,738
Unspent conditional grants and receipts	1,267,836	-	1,267,836
Provisions	-	2,112,000	2,112,000
	4,339,414	**7,759,737**	**12,099,151**

19. Revenue

Interest on arrears	1,845,310	1,142,321
Property rates	2,608,692	2,843,303
Service charges	6,489,228	5,504,652
Government grants & subsidies	44,285,878	41,650,647
	55,229,108	**51,140,923**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	6,489,228	5,504,652

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	2,608,692	2,843,303
Property rates – Penalties imposed and collection charges	1,845,310	1,142,321
Transfer revenue		
Government grants & subsidies	44,285,878	41,650,647
	48,739,880	**45,636,271**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

20. Property rates

Rates received

Property rates received	2,608,692	2,843,303

The new valuation roll was implemented 1st July 2009 resulting in a significant increase in the property rates received. In addition there were also properties included in the new valuation roll that were not previously included.

Valuations

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2009.

A general rate of 0.004876 cents - (2010: - 0.0046 cents) is applied to property valuations to determine assessment rates.

Rates are levied on an annual basis for agricultural properties and monthly for all other properties with the final date for payment being Tuesday, 31 August, 2010 (Monday, 31 August, 2009). Interest is charged at prime plus 1% per annum (2010: prime plus 1% .)

21. Service charges

Sale of electricity	4,841,693	3,770,094
Refuse removal	1,647,535	1,734,558
	6,489,228	**5,504,652**

The Sale of Electricity comprises of electricity in terms of monthly meter readings. No sales of pre-paid electricity takes place.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

22. Government grants and subsidies: Revenue

Equitable share	27,217,243	20,836,453
Municipal Improvement Grant (MIG)	7,596,230	15,132,985
MSIG Grant	1,362,389	623,133
Finance Management Grant (FMG)	3,007,701	2,695,931
DME Grant	2,313,653	866,767
Other government grants	2,788,662	1,495,378
	44,285,878	**41,650,647**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

National conditional grants

Balance unspent at beginning of year	654,528	5,142,328
Current-year receipts	17,506,000	14,862,595
Conditions met - transferred to revenue	(14,123,902)	(19,350,395)
	4,036,626	**654,528**

The funds will remain a liability as long as the conditions are still to be met. (see note 12)

Other conditional grants

Balance unspent at beginning of year	613,308	608,841
Current-year receipts	303,785	6,319,268
Conditions met - transferred to revenue	(498,065)	(6,314,801)
	419,028	**613,308**

The funds will remain a liability as long as the conditions are still to be met. (see note 12)

23. Other revenue

Rental income	90,215	163,613
Traffic department income	2,522,873	2,760,224
Sundry income (detailed in note on Sundry Income below)	682,674	1,539,568
	3,295,762	**4,463,405**

24. Sundry income

Electricity re-connection fee	29,780	24,372
Commission on collection	24,357	39,074
Building plan & inspection fees	17,817	10,914
Registration data base	6,404	6,717
Other income	273,634	1,362,610
Rates clearance certificates	2,856	3,027
Site payments	68,317	80,063
Trading licences	9,753	12,791
Defined Benefit Medical Aid actuarial gain	249,756	-
	682,674	**1,539,568**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

25. General expenses

Advertising	42,867	42,886
Auditors remuneration	1,660,958	987,872
Bank charges	157,977	105,864
Consulting and professional fees	17,544	779,535
Consumables	250,628	127,274
Entertainment	88,503	239,110
Insurance	271,663	165,976
IT expenses	361,507	234,201
Rent: office equipment	90,486	81,852
Mayors fund	444,532	156,933
Promotions and sponsorships	68,742	468,240
Magazines, books and periodicals	3,802	16,742
Fuel and oil	983,801	893,815
Printing and stationery	338,098	193,587
Protective clothing	59,631	143,697
Security services	332,707	81,553
Licence fees	553,075	203,714
Subscriptions and membership fees	114,663	123,862
Telephone, postage and fax	540,160	375,492
Training	94,191	162,651
Travel expenses	1,750,286	635,416
Electricity purchases	155,496	151,735
Refuse bags	15,480	11,996
Free Basic Services: Electricity	341,824	533,536
Pauper Burial	74,574	6,270
Pound expenditure	15,279	51,508
Tools & accessories: non-capital	108,983	326,444
Remuneration Ward Committee (Council general expenses)	325,000	-
	9,262,457	**7,301,761**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
26. Employee related costs		
Basic	11,633,987	8,657,835
Allowances	18,759	44,656
Bonus	676,467	639,027
Medical aid - company contributions	693,963	560,888
UIF	96,152	83,265
SDL	173,125	133,716
Leave pay provision charge	604,502	1,615,481
Post-employment benefits - Pension - Defined contribution plan	1,298,445	1,193,428
Overtime payments	978,241	622,560
Long-service awards	-	179,044
Transitional & other allowances	23,430	42,592
Telephone allowances	2,400	7,911
Contribution Bargaining Council	5,117	4,654
Acting allowances	3,696	-
	16,208,284	**13,785,057**
Remuneration of municipal manager		
Annual Remuneration	556,494	502,238
Car Allowance	84,000	123,797
Performance & other bonuses	38,422	185,592
Contributions to UIF, Medical and Pension Funds	137,061	182,956
Housing & telephone allowances	81,708	83,208
Subsistence & Other allowances	46,764	75,320
	944,449	**1,153,111**
Remuneration of chief finance officer		
Annual Remuneration	507,698	448,824
Car Allowance	60,000	88,476
Performance & other bonuses	1,983	36,592
Contributions to UIF, Medical and Pension Funds	138,486	131,717
Subsistence & Other allowances	65,640	25,508
	773,807	**731,117**
Corporate and human resources (corporate services)		
Annual Remuneration	521,759	476,291
Car Allowance	108,000	119,490
Performance & other bonuses	39,632	64,980
Contributions to UIF, Medical and Pension Funds	29,500	-
Telephone, housing & other allowances	-	1,000
Subsistence & Other allowances	17,926	43,306
	716,817	**705,067**
IPED		
Annual Remuneration	531,640	477,681
Car Allowance	108,000	109,524
Performance & other bonuses	44,670	75,369
Contributions to UIF, Medical and Pension Funds	13,599	-
Housing & telephone allowances	-	11,786
Subsistence & Other allowances	39,953	27,507
	737,862	**701,867**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
26. Employee related costs (continued)		
Technical Services		
Annual Remuneration	513,818	470,432
Car Allowance	108,000	115,573
Performance & other bonuses	41,930	66,186
Contributions to UIF, Medical and Pension Funds	32,381	-
Housing & telephone allowances	-	12,496
Subsistence & Other allowances	17,586	11,262
	713,715	**675,949**
27. Remuneration of councillors		
Remuneration: Executive Major	528,093	543,306
Remuneration: Councillors	1,627,772	1,393,918
Medical, travel & other allowances	630,539	679,331
Pension contributions	97,739	-
	2,884,143	**2,616,555**
28. Debt impairment expenditure		
Debt impairment	4,122,072	5,225,292
29. Investment revenue		
Interest revenue		
Interest received on investment accounts	835,634	1,076,721
30. Depreciation and amortisation		
Property, plant and equipment	3,673,334	4,006,166
31. Impairment of assets		
Impairments		
Other receivables from non-exchange revenue (Chris Hani Agency Account)	-	4,172,709
32. Finance costs		
Finance leases	1,063,937	86,660
Other interest paid	115,854	(94,523)
	1,179,791	**(7,863)**
33. Auditors' remuneration (expenditure)		
Auditor General fees	1,335,711	973,872
Internal Audit expenditure	325,247	14,000
	1,660,958	**987,872**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
34. Expenditure through Grants and subsidies		
Other subsidies		
Fund: Finance Management Grant (FMG)	3,098,162	2,454,863
Fund: MSIG expenditure	641,764	306,542
Fund: MIG high mast towers	-	186,390
Fund: LED	-	284,131
Fund: Repairs & maintenance roads	1,753,157	19,273
Fund: Dipping tanks	-	97,875
Fund: Repairs & maintenance: pounds	387	2,124
Fund: Repairs & maintenance: street lights	24,476	8,134
Fund: Land audit & other	452,968	258,786
Fund: Disaster expenditure	-	402,853
Fund: Dedea	477,461	-
Fund: IDP	368,847	-
	6,817,222	**4,020,971**
35. Bulk purchases		
Electricity	5,113,861	4,249,447
36. Cash generated from operations		
Surplus	943,692	6,399,824
Adjustments for:		
Depreciation and amortisation	3,673,334	3,891,485
Gain on sale of assets	-	17,890
Interest income	(2,546,571)	(1,076,721)
Finance costs	1,179,791	68,366
Impairment deficit	-	4,172,709
Movements in retirement benefit assets and liabilities	(133,902)	(94,523)
Movements in provisions	211,200	986,196
Non-cashflow journals: 2011	(3,626,402)	(3,027,773)
Changes in working capital:		
Trade and other receivables from exchange transactions (reallocated to note 11)	(4,689)	175,105
Other receivables from non-exchange transactions	3,315,078	(40,659)
Consumer debtors	-	20,035
Other current asset	-	6,081,904
Trade and other payables from exchange transactions	(341,515)	3,706,630
VAT	(4,559,671)	881,862
Trade & other payable (non exchange)	-	215,019
Unspent conditional grants and receipts	3,187,818	(4,483,654)
Consumer deposits	6,430	20,035
Finance Leases	-	(15,277)
	1,304,593	**17,898,453**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

37. Contingencies

Workmans Compensation:

2010: The municipality has not yet submitted the required assessments to the Department of Labour relationg to Compensation for Occupational Health and Safety for the 2005, 2006, 2007, 2008, 2009 and 2010 financial years. At the time that the financial statements were compiled, an amount of R309 264 had been claimed from the municipality by the Department of Labour for the 2005 financial year. The municipality is currently in the process of negotiating payment terms, however it was not possible to quantify the amount owed for the 2006 to 2010 financial years, nor was it possible to quantify the amount that will be due by the municipality for penalties and interest.

Accounts Payable invoiced but not yet processed as a creditor on the accounting system:

A contract was entered into between MTN Cellular Service Provider and Sakhisizwe Municipality whereby the Municipality stands as surety for numerous cellphone contracts for unknown users of the cellphones. The original agreement between the service provider and the municipality was not concluded and signed by an authorised municipal official, neither have the costs been recovered from the users of the cellphones and subsequently the municipality is disputing their liability of the claim by the service provider for an outstanding balance of R513 446.37.

38. Prior period errors

Property, Plant and Equipment was adjusted for changes in the valuation of land and buildings, reairs and maintenance incorrectly capitalised, other assets incorrectly capitalised and other related changes.

The provision for bad debts was adjusted in terms of the amended method of calculation of the provision for impairment of doubtful debts.

Accounts payable/ Creditors was adjusted for unknown differences in the opening balances.

VAT was adjusted for unknown differences in the opening balances.

Finance leases was adjusted for changes in the interest rate

Reversal of prior year provision for rehabilitation of landfill sites.

For the years preceding 2010/11, the opening balance was adjusted with the effects of prior year unknown differences resulting from a lack of supporting documentation. These amounts have no major impact on the current 2010/11 financial statements.

Statement of financial position		
Property, plant and equipment	-	190,768
Provision for Rehabilitation of Landfill Sites	-	2,112,001
VAT	-	(3,099,507)
Investments	-	(322)
Trade and other payables from non-exchange transactions	-	5,282,509
Trade & other payables	-	1,217,003
Finance Leases	-	(18,294)
Statement of financial performance		
Profit/ loss on sale of assets	-	(52,130)
Repairs & maintenance: Buildings	-	(1,866,581)
Repairs & maintenance: Roads	-	465,189
Impairment for Doubtful Debts	-	(2,910,511)
Depreciation	-	(128,815)
Interest & finance costs	-	18,294
Depreciation	-	243,496
Administration Fees	-	(2,307,778)
Total prior year adjustments to accumulated surplus	-	854,678

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

39. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow and available borrowing facilities are monitored.

Interest rate risk

As the municipality has no significant interest-bearing liabilities, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. Customers cannot be refused basic services and this constitutes a serious credit risk. A credit control policy is in place so as to minimise the risk but the risk is largely dependent on the political will for execution to control the credit risk

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2011	2010
Short term deposits	9,967,338	14,161,978
Trade and other receivables	8,474,432	11,784,821

40. Going concern

We draw attention to the fact that at 30 June, 2011, the municipality had accumulated surplus of R 87,280,184 and that the municipality's total assets exceed its liabilities by R 87,280,184.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

41. Unauthorised expenditure

Opening balance	13,435,017	13,435,017
Unauthorised expenditure: current year	4,001,515	-
Expenditure condoned	(13,435,017)	-
	4,001,515	**13,435,017**

Unauthorised expenditure in 2011 for R4 001 515 (2010: R13 435 017) was due to the overspending on the budget.

42. Fruitless and wasteful expenditure

Opening balance	136,070	-
Licencing & service fees: Traffic department	39,146	23,138
Overpayment of expenditure condoned	(112,932)	112,932
	62,284	**136,070**

2010: Licencing & service fees totalling R23 138 were incurred by the Traffic department on licencing & service fees paid to TCS (Pty)Ltd for the use of a system which is no longer in use by the Traffic department, but for which no notice has been given to the relevant company to cancel the contract. No attempt has been made to recover the fruitless expenditure. No criminal or disciplinary steps were considered necessary in relation to the expenditure.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

42. Fruitless and wasteful expenditure (continued)

2010: An amount of R112 932 was overpaid to Mars Technology during the current financial year where a duplicate payment was made by the municipality. An agreement has been reached whereby Mars Technology will refund the overpayment to the municipality in the 2011 financial year. No criminal or disciplinary steps were considered necessary in relation to the overpayment.

2011: A duplicate payment was incorrectly made to Escom on the 26 August 2010 R39 146.05.

43. Irregular expenditure

Opening balance	5,284,247	-
Add: Irregular Expenditure - current year	13,321,328	5,284,247
Less: Amounts condoned	(5,284,247)	-
	13,321,328	**5,284,247**

During the current financial year it was noted that under banking to the amount of R 14 807 (2010: R21 712.81) occured at the Cala Receipting office. No explanation could be provided and no authorisation was given for the under banking of the cash receipts.

During the 2010 financial year it was noted that the Nissan Hardbody 2.7 diesel vehicle (registration no. CZW102EC) had incurred approximately R126 468.86 in fuel costs. No controls exist around the monitoring of the vehicles travel and fuel usage and in addition, the vehicles odometer has been disconnected. Irregularities have been noted by management in connection with the fuel consumption and fuel purchases incurred for the respective vehicle. The extent of irregular expenditure on fuel for this vehicle could not be verified.

Expenditure to the value of R13 306 521 (2010: R5 136 065.07) was incurred during the current financial year, for which the minimum required documentation was not available in order to comply with the required procurement procedures. As a result, the expenditure is considered irregular and it will be investigated further.

44. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus per the statement of financial performance	943,692	8,707,602
Adjusted for:		
Rental of facilities & equipment: Incorrect allocation of actual vs budget income accounts	917,485	-
Service charges: Water & sanitation revenue budgeted for but allocated to Agency account debtor	-	5,895,348
Interest earned: External investments - anticipated revenue not materialised	-	423,279
Income agency services: Water & sanitation revenue budgeted for but allocated to Agency account debtor	-	11,636,318
Employee costs: vacancies filled after year end	-	(2,047,784)
Interest paid: interest budgeted for new plant only bought after year end	-	(145,589)
Interest on outstanding debtors: Budgeted for cash receipts only	(1,765,310)	-
Income from agency services: actual income allocated to subsidies received	485,000	-
Repairs & maintenance: more repairs carried out after purchase of plant	3,834,998	-
Interest paid: additional interest on plant purchased	337,311	-
Contracted services: additional security costs for plant purchased	71,865	-
Revenue over/ (under) budgeted for	9,009,207	6,276,839
Expenditure (under)/ over budgeted	(242,659)	(16,190,362)
Net surplus per approved budget	**13,591,589**	**14,555,651**

45. Additional disclosure in terms of Municipal Finance Management Act

Material losses through criminal conduct

Under banking of current Cala Municipal Office Cashier: R 14 807 (2010: R21 712.81)

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

45. Additional disclosure in terms of Municipal Finance Management Act (continued)

Under banking of Elliot Traffic Department Cashiers: R 90 689.04 (2010: R161 729.41) (Total balance: 252 418.45)

(refer to details in note on irregular expenditure above)

Audit fees (Liability)

Current year subscription / fee	2,069,616	1,623,118
Amount paid - current year	(2,069,616)	(1,623,118)
	-	-

VAT

VAT receivable	3,969,770	-
VAT payable	-	589,901
	3,969,770	**589,901**

VAT output payables and VAT input receivables are shown in note .

Not all VAT returns were submitted to SARS by the due date due to delays experienced in the registration of Sakhisizwe Municipality for VAT e-filing.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June, 2011:

30 June, 2011	Outstanding less than 90 days	Outstanding more than 90 days	Total
SP Ntakana	1,416	1,179	2,595
TT Doda	591	15,721	16,312
	2,007	**16,900**	**18,907**

30 June, 2010	Outstanding less than 90 days	Outstanding more than 90 days	Total
KJ Radzilani	2,061	217	2,278
SP Ntakana	5,628	2,969	8,597
M Mzuzu	576	6,473	7,049
	8,265	**9,659**	**17,924**

Detailed Income statement

Figures in Rand	Note(s)	2011	2010
Revenue			
Property rates	20	2,608,692	2,843,303
Service Charges	21	6,489,228	5,504,652
Government grants and subsidies received	22	44,285,878	41,650,647
Rental income		90,215	163,613
Motor vehicles licenses & permits		2,522,873	2,760,224
Sundry income	24	682,674	1,539,568
Interest received (arrears)		1,845,310	1,142,321
Interest received - investment	29	835,634	1,076,721
Total Revenue		**59,360,504**	**56,681,049**
Expenditure			
Employee related costs	26	(20,094,934)	(17,752,168)
Remuneration of councillors	27	(2,884,143)	(2,616,555)
Depreciation and amortisation	30	(3,673,334)	(4,006,166)
Impairment loss: Chris Hani Agency account	31	-	(4,172,709)
Finance costs	32	(1,179,791)	7,863
Debt impairment	28	(4,122,072)	(5,225,292)
Repairs and maintenance		(5,268,998)	(926,129)
Bulk purchases	35	(5,113,861)	(4,249,447)
Expenditure through grants & subsidies	34	(6,817,222)	(4,020,971)
General Expenses	25	(9,262,457)	(7,301,761)
Total Expenditure		**(58,416,812)**	**(50,263,335)**
Loss on sale of assets		-	(17,890)
Surplus for the year		**943,692**	**6,399,824**

Dr

AUDITOR GENERAL'S REPORT

Included as a Annexure B– Pages

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Audit Report

Sakhisizwe Municipality

For the Year ended 30 June 2011

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON SAKHISIZWE LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Sakhisizwe Local Municipality, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages ... to ....

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010) (DoRA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Irregular expenditure

7. Section 125(2) of the MFMA requires the financial statements of the municipality to disclose material irregular expenditure that occurred during the financial year. Audited payments amounting to R5,4 million were irregular as they were made in contravention of the supply chain management (SCM) requirements. These amounts were not included in the irregular expenditure disclosed in note 43 to the financial statements. Consequently, the irregular expenditure disclosed is understated by at least this amount. However, it was not practicable to determine the full extent of the understatement as there was no system of control to identify all irregular expenditure incurred.

Commitments

8. The municipality is required by GRAP 17 *Property, Plant and Equipment* to disclose in the financial statements the amount of contractual commitments for the acquisition of property, plant and equipment at the financial year-end. The municipality did not have a contract management system for the identification and recognition of contracts and consequently did not disclose any commitments. I was unable to confirm or verify by alternative means the contractual commitments for the acquisition of property, plant and equipment and, as a result, I was unable to determine the commitments to be disclosed in the financial statements.

Leave accrual

9. The entity could not provide sufficient appropriate audit evidence to support employee leave accrual balances. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all leave amounting to R914 486 had been properly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the valuation and completeness of the leave accrual amounting to R1,5 million, as reported in note 14 to the financial statements.

Qualified opinion

10. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Sakhisizwe Local Municipality as at 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Unauthorised expenditure

12. As reported in note 41 to the financial statements, the municipality incurred unauthorised expenditure amounting to R4 million, which was as a result of exceeding the total amount of the budget for the year.

Irregular expenditure

13. As reported in note 43 to the financial statements, the municipality incurred irregular expenditure amounting to R19,5 million, as the expenditure incurred was in contravention of the SCM process.

Fruitless and wasteful expenditure

14. As reported in note 42 to the financial statements, the municipality incurred fruitless and wasteful expenditure amounting to R39 146, due to duplicate payments to creditors.

Material impairments

15. As reported in note 9 to the financial statements, the municipality had material impairments totalling R2,25 million related to receivables not considered recoverable.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. In accordance with the PAA and in terms of *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010,* I include below my findings on the annual performance report as set out on pages … to … and material non-compliance with laws and regulations applicable to the municipality.

Predetermined objectives

Presentation of information

17. The following criterion is relevant to the findings below:
    - Performance against predetermined objectives is reported using the National Treasury guidelines.
18. Audit findings
    - Adequate explanations for major variances between the planned and actual reported targets for the following development priorities were not provided, as required in terms of the relevant reporting guidance. In total, 100% of the reported targets with major variances were not explained.
        - Local economic development
        - Service delivery
        - Municipal transformation and institutional development
        - Financial management and viability
        - Good governance and public participation
    - In terms of the relevant reporting guidance, when performance is not met, the measures to be taken to improve this performance must be disclosed in the annual performance report. In total, 100% of the reported targets, where planned performance was not met, did not include adequate disclosure of the measures to improve this performance.

Usefulness of information

19. The following criteria are relevant to the findings below:
    - Relevance: A clear and logical link exists between the objectives, outcomes, outputs, indicators and performance targets.

- Measurability: Indicators are well defined and verifiable, and targets are specific, measurable and time bound.

20. Audit findings
    - The indicator and targets as per the integrated development plan did not relate directly in more than 24% of instances to the institution's strategic goals and objectives as per the annual strategic development budget implementation plan.
    - The indicator and targets as per the annual performance report did not relate directly in more than 57% of instances to the institution's strategic goals and objectives as per the annual strategic development budget implementation plan.
    - A total of 49% of the planned and reported indicators were not well defined, as unambiguous data definitions were not available to allow for data to be collected consistently.
    - Valid performance management processes and systems that produce actual performance against the planned indicators did not exist for 57% of the indicators.
    - A total of 46% of the planned and reported targets were not specific in clearly identifying the nature and the required level of performance by the municipality.
    - A total of 89% of the planned and reported targets were not measurable in identifying the required performance by the municipality.
    - A total of 86% of the planned and reported targets were not time bound in specifying the time period or deadline for delivery.

Reliability of information

21. The following criteria are relevant to the findings below:
    - Validity: Actual reported performance has occurred and pertains to the entity.
    - Accuracy: Amounts, numbers and other data relating to reported actual performance have been recorded and reported appropriately.
    - Completeness: All actual results and events that should have been recorded have been included in the annual performance report.

22. Audit findings
    - Sufficient appropriate evidence in relation to the selected objectives for usefulness could not be obtained from the municipality. There were no satisfactory audit procedures that I could perform to obtain the required assurance as to the validity, accuracy and completeness of the reported performance against predetermined objectives.

Compliance with laws and regulations

Strategic planning and performance management

23. The municipality did not implement a framework that described and represented how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement would be conducted, organised and managed, including determining the roles of the different role players, as required by sections 38, 39, 40 and 41 of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) read with Municipal Planning and Performance Management (MPPM) Regulations 7, 8 and 9.

24. The accounting officer of the municipality did not by 25 January assess the performance of the municipality during the first half of the financial year, taking into account the

municipality's service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan, as required by section 72(1)(a)(ii) of the MFMA.

Budgets

25. The mayor did not submit all quarterly reports to the council on the implementation of the budget and the financial state of affairs of the municipality within 30 days after the end of each quarter, as required by section 52(d) of the MFMA.
26. The municipality incurred expenditure in excess of the limits of the amounts provided for in the votes in the approved budget, in contravention of section 15 of the MFMA.

Annual financial statements, performance report and annual report

27. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements in current assets, liabilities, revenue and expenditure identified by the auditors were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.
28. The accounting officer did not make the 2009-10 annual report public immediately after the annual report was tabled in the council, as required by section 127(5) of the MFMA.
29. The municipal council did not adopt an oversight report containing the council's comments on the annual report within two months from the date on which the 2009-10 annual report was tabled in the council, as required by section 129(1) of the MFMA.

Audit committee

30. The audit committee functioning as the performance audit committee did not perform the following as required by MPPM Regulation 14:
    - Review the quarterly reports of the internal auditors on their audits of the performance measurements of the municipality.
    - Review the municipality's performance management system and make recommendations in this regard to the council of the municipality.
    - Submit an auditor's report to the council regarding the performance management system at least twice during the financial year.

Procurement and contract management

31. Goods and services with a transaction value of between R10 000 and R200 000 were procured without obtaining written price quotations from at least three different prospective providers, as per the requirements of SCM Regulation 17(a) and (c).
32. Goods and services with a transaction value above R200 000 were procured without inviting competitive bids as per the requirements of SCM Regulations 19(a) and 36(1).
33. Awards were made to providers whose tax matters had not been declared to be in order by the South African Revenue Service, as required by SCM Regulation 43.
34. Awards were made to suppliers that did not submit a declaration on their employment by the state or their relationship to a person employed by the state, as per the requirements of SCM Regulation 13(c).
35. The preference point system was not applied in all procurement of goods and services

above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) (PPPFA) and SCM Regulation 28(1)(a).

36. Awards were made to suppliers based on preference points that had not been allocated or calculated in accordance with the requirements of the PPPFA and its regulations.

37. Awards were made to suppliers that did not score the highest points in the evaluation process, contrary to the requirements of section 2(1)(f) of the PPPFA.

38. The performance of contractors and providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

39. The contract performance measures and the methods whereby they are monitored were insufficient to ensure effective contract management, as per the requirements of section 116(2)(c) of the MFMA.

40. Construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board (CIDB) in accordance with the prescripts of the CIDB.

41. Awards were made to providers whose directors or principal shareholders are persons in the service of other state institutions, in contravention of the requirements of SCM Regulation 44.

Expenditure management

42. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, contrary to section 65(2)(e) of the MFMA.

43. The accounting officer did not take reasonable steps to prevent unauthorised, irregular as well as fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

INTERNAL CONTROL

44. In accordance with the PAA and in terms of *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010,* I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

45. There was a lack of oversight and accountability by senior management, as sufficient monitoring controls were not in place to ensure the proper implementation of approved internal policies and procedures at an operational level. Thus, the necessary awareness required to enable the taking of appropriate corrective actions where actual processes were not aligned to the approved processes either through intentional or other circumvention was not evident.

46. As a result, the municipality did not prevent and detect irregular expenditure incurred through non-adherence to the SCM prescripts. In addition, the documented policy and procedure manuals for reporting on predetermined objectives were not implemented. Consequently, the reporting on predetermined objectives was not useful and verifiable.

47. However, following the successful implementation of the audit action plan, the leadership was able to adequately address a number of qualifications previously reported relating to

balances, disclosures and classes of transaction reported in the financial statements. A similar approach for the current year will ensure an improved outcome.

Financial and performance management

48. The municipality did not have adequate systems for the complete and accurate financial reporting of commitments, irregular expenditure and the leave accrual balance. This is as a result of inadequate in-year monitoring of expense transactions to ensure that SCM requirements were fully adhered to. Attendance registers were not always completed and the leave system was not kept up to date, resulting in the need to rely on manual leave records. No commitments register was maintained and thus the municipality was not able to report a balance for the year under review.
49. In addition to the system weaknesses relating to the accounting for leave, irregular expenditure (SCM) and reporting on predetermined objectives above, not all documentation requested was provided for audit purposes, indicating poor record keeping.
50. The municipality did not adequately assign responsibility and implement processes to monitor compliance with the approved budget and ensure compliance with all applicable laws and regulations. The municipality thus incurred unauthorised expenditure and did not fully comply with all the requirements of the MFMA, the MSA, MPPM Regulations, the PPPFA and SCM Regulations.

Governance

51. Despite an adequate risk assessment process, the municipality did not respond to and adequately monitor the risks identified. As a result, there were numerous instances of non-compliance with the MFMA, the MSA, the PPPFA as well as SCM and MPPM Regulations.
52. The performance audit committee and the internal audit function did not have the necessary capacity to review or report on the performance management system or performance reports during the year under review. The municipality thus lost the benefit that may have been obtained had these reports been completed.

Auditor - General

East London

30 November 2011

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

AUDITOR GENERAL'S RESPONSE

Pages 333 -

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SAKHISIZWE MUNICIPALITY: RESPONSE TO THE AUDITOR-GENERAL'S REPORT 2010-2011

Purpose

The Public Audit Act No. 25 of 2004 and s121 (3)(g) of the Municipal Finance Management Act, Act No. 56 of 2003, require that the particulars of any corrective action taken or to be taken in response to issues raised within the audit report, be included in the annual report of the municipality.

The purpose of this report is to respond to the Auditor-General's Report on the consolidated financial statements for the year ending 30 June 2011. Detail will be provided on the manner in which the issues raised will be addressed and this in turn will lead to the development of an Audit Action Plan which will address the issues raised in a coordinated and focussed manner.

Background

During the 2009-2010 financial year, Sakhisizwe Municipality was awarded an adverse audit opinion. Based on this adverse opinion, a summary of the areas to be addressed is provided as follows:

- Investment properties and all inventory attached to these was required to be addressed through the update and review of the Property Valuation Roll; facilitating the settlements of outstanding debts and meeting with the Department of Housing in order to discuss the way forward;
- All detail regarding municipal property, plant and equipment was required to be updated, verified and maintained and all required recording and reporting thereon was to be coordinated as required (e.g. correct classifications of PPE expenditure and equipment, depreciation and the like);
- Revenue was to be increased by taking the necessary action to charge consumers the correct interest and to ensure that all deposits were charged and received for all new services. Meter readings were to be performed more accurately.
- VAT Receivable was to be managed effectively and all outstanding refunds were to be received and the VAT registration was to be amended with SARS from the invoice to the cash basis;
- All expenditure was to be strictly applied according to Supply Chain Management processes and procedures;
- Strict adherence was to occur in terms of all required reporting and record maintenance issues (especially in respect of employee costs);
- Staff were to be capacitated on all policies and procedures in order to ensure compliance;

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- Performance management was to be effectively applied. More specifically:
  - Targets were to be formulated according to the SMART principle (ie. formulated so as to be specific, measurable, achievable, realistic and timebound);
  - Consistent and accurate measurement and recording was required;
- Risk management procedures were to be developed and implemented; and
- The internal audit and audit committee would be created and trained.

It is noted that while many of these issue have been addressed and progress has occurred many issues requiring attention still remain. Having received a qualified audit report for 2010-2011, the following issues are to be addressed moving forward. The manner in which this is to occur will be detailed within the main body of this report and more specifically within the Audit Action Plan for 2010-2011.

The following areas will receive focus:

- Irregular and unauthorised expenditure disclosure and prevention;
- Disclosure of contractual commitments for the acquisition of property, plant and equipment of the financial year end;
- Leave is to be audited;
- Fruitless and wasteful expenditure is to be minimized;
- Material impairments are to be minimised;
- Performance targets are to be met while explaining variances within all developmental priorities;
- There is to be alignment between the IDP, SDBIP and Budget;
- Performance reporting is to occur as per stipulated timeframes and in accordance with required procedures;
- Effective Audit Committee functioning is required;
- Supply Chain Management processes and practices are to be strictly applied for all procurements and expenditure conducted; and
- Oversight accountability in respect of leadership is required.

AREAS TO BE ADDRESSED (2010-2011 AUDIT REPORT)

As per the Auditor-General's report for the audited financial statement for the year ending 31 June 2011, the response is detailed below. This response makes specific reference to the numbering that appears within the Auditor-General's Report itself and it is therefore imperative that these reports are read together.

Sakhisizwe Municipality was awarded a qualified audit opinion with emphasis of matter. The matters raised and the resultant action to be taken is reflected as follows:

BASIS FOR QUALIFIED OPINION

Irregular Expenditure

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7. Controls are to be established in order to identify all irregular expenditure incurred. Irregular expenditure is to be disclosed, but avoided at all costs. There is to be no contravention of the Supply Chain Management policy.

Commitments

8. The municipality is to develop a contract management system so that contracts can be managed effectively and disclosed (as per GRAP 17) for the acquisition of property, plant and equipment at the financial year end.

Leave Accrual

9. Leave records are to be audited annually, updated monthly and a Leave Policy approved and implemented in order to ensure that leave records are appropriately maintained.

EMPHASIS OF MATTERS

Unauthorised Expenditure

12. All matters of expenditure are required to be approved and authorised prior to any payment as per the Supply Chain Management policy and the approved Budget. No overspending is to be permitted on the approved budget. Monthly budget reconciliations are to be effected.

Irregular Expenditure

13. In order to prevent a reoccurrence of irregular expenditure, all aspects of Supply Chain Management and procurement policies and procedures are required to be strictly adhered to.

    All related expenditure documentation is to be strictly controlled and recorded as per procurement procedures. Monthly budget reconciliations are to be conducted.

Fruitless and Wasteful Expenditure

14. All duplicate expenditure is to be recovered where this has occurred. Reconciliations are required to be made monthly and payments recorded accurately (offset against monies due) in order to prevent overpayments or duplicate payments from occurring.

    The contract with TCS (Pty) Ltd is to be cancelled in order to prevent the unnecessary payment of licencing and service fees.

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Material Impairments

15. In an effort to reduce and minimize material impairments, reconciliations are required to be performed regularly and exception reports are to be drawn regularly (at agreed intervals) in order to verify information captured throughout. Financial system reports are to be checked regularly for correctness and accuracy of data (SEBATA). Corrections are to be made immediately. Where discrepancies are noted, the root cause is to be examined and appropriate action taken/systems put in place to prevent this from happening in future instances.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Predetermined objectives

Presentation of information

18. Audit Findings

- Where major variances occur between planned and actual performance adequate explanations are to be provided (as per reporting guidelines). This is required to occur against all the national indicators.
- In all instances where required performance targets were not met, these will be reported on /disclosed in the annual performance report, detailing the manner in which improvements would occur.

Usefulness of information

20. Audit Findings

When developing performance targets within the IDP, SDBIP or other documents, it must be noted that:

- All indicators and performance targets will be aligned to the organizations strategic goals and objectives, i.e. aligned between IDP, SDBIP and Budget;
- Performance targets will be written in an unambiguous manner and all aspects of the SMART principle will be met, i.e. these will be written in a manner that is:
  - Simple
  - Measurable
  - Achievable
  - Realistic
  - Timebound
- Controls and measurement systems are to be developed for all performance targets being measured.

Reliability of Information

22. Audit Findings

Audit procedures are to be instituted in order to ensure the validity, accuracy and

completeness of reported performance against pre-determined objectives.

COMPLIANCE WITH LAWS AND REGULATIONS

Strategic Planning and Performance Management

23. This statement is disputed. As per 2009/2010 the PM Framework was adopted and applied to all s57 managers as per Regulations 7 and 8 of the Municipal Planning and Performance Management regulations, 2001. This Framework set out the manner of functioning all processes and procedures and the role of different roleplayers.

24. The Accounting Officer will in future ensure that all required timeframes for the performance management report for the first half of the year are met i.e. s72(1)(a)(ii) of the MFMA.

Budgets

25. Quarterly reports are to be submitted by the Mayor regarding the implementation of the Budget within 30 days after the end of each quarter (as per s52(d) of the MFMA). All required reporting standards are required to be adhered to.

26. No expenditure above budget limits may be authorised and incurred in contravention of s15 of the MFMA, and all staff are to sign acknowledgement of this.

Annual Financial Statements, Performance Report and Annual Report

27. All financial statements that are submitted for auditing are to be prepared as per the requirements of s122 of the MFMA. Material misstatements are to be avoided / minimized.

28. The accounting officer will strictly adhere to the requirement that the annual report is made public immediately after the annual report is tabled in Council (as per s 127(5) of the MFMA).

29. The Oversight Report will be completed timeously and submitted and approved by Council within 2 months after this annual report is tabled in Council as per s129(1) of the MFMA.

Audit Committee

30. Auditing of performance by the Performance Audit Committee will require that:

- Quarterly reports of the internal auditors on their audits of the performance measurements of the municipality must be reviewed;
- The Committee review the PMS system currently in use and make appropriate recommendations to Council;
- The Committee must submit at least 2 auditors' reports to council regarding the performance management system functioning within the municipality.

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Procurement and Contract Management

Procurement Compliance with Policy and Procedure requires that:

31. Goods and services of a transaction value of between R10 000 and R200 000 are procured without obtaining written price quotations from at least three different prospective providers as per Supply Chain Management Regulation 17(a) and (c).

32. Goods and services at a transaction value above R200 000 are procured without inviting competitive bids (Supply Chain Management Regulations 19 (a) and 36 (b).

33. Awards are only made to companies whose tax matters are declared to be in order by SARS (Supply Chain Management Regulation 43).

34. Awards are only made to suppliers who submit a declaration on their employment by the state, or their relationship with a person employed by the state as per Supply Chain Management Regulation 13(c).

35. The Preference Point System is to be applied in the procurements of all goods and services above R30 000 as per s2(a) of the Preferential Procurement Policy Framework Act, Act No. 5 of 2000 and Supply Chain Management Regulation No. 5 of 2000 and Supply Chain Management Regulation 28 (1)(a).

36. Awards to suppliers must be based on preference points allocated/calculated as per PFPFA and its regulation;

37. Awards may only be made to suppliers who did not score the highest points in the evaluation, where this is totally justified;

38. The performance of contractors and suppliers is strictly monitored monthly and appropriate action taken;

39. The contract and methods of monitoring are to be developed and implemented to ensure effective contract management.

40. Construction contracts may only be awarded to contractors who are registered with the Construction Industries Development Board (CIDB) as per CIDB. Reference checks are to be conducted to ensure this prior to any award.

41. No awards are to be made to any provider whose directors or principle shareholders are persons in the service of state institutions.

Expenditure Management

42. All money owing by the municipality must be paid within 30 days of receipt of an invoice/statement. Monthly reconciliations are to be conducted so as to ensure that this occurs.

43. Unauthorised, irregular and fruitless and wasteful expenditure is to be avoided by

training all relevant staff on the manner in which procurement and expenditure is to take place. Strict adherence to these rules and the policy will be encouraged ongoing.

INTERNAL CONTROL

Leadership

45. Greater oversight and accountability by senior management is required. This will be facilitated by the establishment of controls and monitoring mechanisms and regular reporting (monthly) on performance progress. Areas of oversight are to be incorporated into their performance scorecards.

    All internal policies and procedures are to be workshopped to identified staff and control mechanisms developed to ensure that these are implemented as required. This in turn facilitates appropriate corrective action being taken.

46. Complete adherence to Supply Chain Management prescripts is required and staff are to be trained on the policy and procedure in respect of this. Strict adherence to policy and procedure will prevent irregular expenditure.

47. An Audit Action Plan is to be developed and implemented in order to successfully address the issues raised.

Financial and Performance Management

48. Monthly expenditure reports are to be compiled and reported on in an agreed format in order to ensure that reporting occurs on irregular expenditure, leave balances and financial reporting of commitments.

    In an effort to maintain leave records up to date, staff are trained regarding leave policy and management. A designated person would be required to be appointed in order to manage leave.

    The commitments register is required to be maintained and completion of attendance registers will be strictly monitored, and leave balances updated weekly.

49. Record keeping standards and procedures are to be developed. Staff are to be workshopped on application and implementation monitored.

50. Regular financial reporting is to be conducted in order to ensure that strict controls are applied regarding expenditure and to ensure that no over-expenditure occurs.

    Financial policies and procedures are to be developed and implemented in order to ensure compliance with MFMA, MSA, MPPM Regulations, the PPPFA and SCM.

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Governance

51. A Risk Management Plan is to be developed and implemented to ensure that risks are minimized. Regular (monthly) reporting is to be conducted.

52. The Performance Audit Committee and the Internal Audit are to review and report on the Performance Management System and on Performance Reports for the year, while meeting all required timeframes.

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ANNEXURE D: AUDIT COMMITTEE REPORT

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NORTHERN CLUSTER AUDIT COMMITTEE

AUDIT COMMITTEE REPORT: Sakhisizwe Municipality

We are pleased to present our report for the financial year ended 30 June 2011

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

NO	MEMBER NAME	NUMBER OF MEETINGS ATTENDED 2010/2011
1	TRACEY PUTZIER CHAIRMAN	7
2	VAUGHN HARTLEY	1
3	GERRIE GROENEWALD	6

V Hartley last attended an Audit Committee meeting on 15 July 2010 and G Groenewald last attended 10 May 2011. Both members have since resigned.

The Audit Committee acts under the provisos contained within the contract creating the Northern Cluster within Chris Hani District Municipality between 3 Municipalities being Lukhanji, Emalahleni & Sakhisizwe Municipalities.

Sakhisizwe Municipality had a partially functioning Audit Committee in the year under review. Challenges occurred during the second half of the year when 2 of the 3 members resigned and no quorum was available to resume our meetings. Unfortunately the vacancies were not filled by the Municipality and hence the Audit Committee could not function and execute all of their responsibilities.

It must be highlighted that the reasons for resignation were as follows: The one member resigned due to personal reasons and the other member was obliged to resign due to a conflict of interest (due to changes in his employment status. Mr Groenewald had accepted a contract position at another Municipality within the finance department and could no longer serve as an Audit Committee member.

The Audit Committee initially comprised of three independent members until both Mr. Hartley and Mr. Groenewald resigned in June 2011.

Ms Putzier and Mr. Hartley were appointed by the Cluster on 01 May 2009 and Mr Groenewald was nominated to replace Mr. Ian McEwen, who resigned during the previous year.

The manner in which this Committee has operated saw the Municipal Manager, Chief Financial Officer, Internal Audit and the Auditor-General attend meetings after formal notice and planning thereof. Senior Managers were invited to attend during times when items pertaining to their departments were required to be addressed.

The Chairperson was required to attend Council meetings and report on the activities of the Committee, by invitation from the council. In the year ending 2010/2011 no invitation was extended to the audit committee and hence no council meetings were attended.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee is required to deliver an opinion in terms of the requirements of Section 51 (1) (a) of the PFMA and Treasury Regulations 27.1. Accordingly we report that we have adopted the appropriate terms of reference in our Terms of
Reference in line with these requirements and we further report that we have conducted our affairs in compliance with these terms of reference.

THE EFFECTIVENESS OF INTERNAL CONTROLS

In line with the legislative and Corporate Governance requirements, the Internal Audit provided the Audit Committee and management with reports pertaining to the appropriateness and effectiveness or not of current internal controls. This was facilitated by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the internal Auditors, the Audit report on the Annual Financial Statements and the management report of the Auditor-General, it was noted that the system of internal controls had improved for the year under review from the previous year. The overall commitment from the Finance Department to address Supply Chain Management issues greatly assisted in this process. The delayed response times from management to address findings in internal reports still remains problematic and an area for appropriate remedial action.

Action plans were developed by the Management of the Municipality to respond to matters highlighted within the Auditor-General's Report for 2009/2010. The Audit Committee requested that updates on the action plans be tabled for discussion at each Audit Committee meeting. It is noted that notwithstanding the issues raised not all of these were resolved within the following year and according to specified timeframes.

**THE QUALITY OF ANNUAL MANAGEMENT AND
MONTHLY / QUARTERLY REPORTS SUBMITED IN TERMS OF THE MFMA**

The monthly and quarterly reports prepared were not submitted to the Audit Committee during the year under review. This was noted and addressed at our meetings as the absence of receiving such reports results in an inability to comment on both the content and quality thereof.

It should also be noted that some aspects pertaining to performance reporting were not always satisfactory, making it difficult to assess the Municipality's performance overall. It is the intention that performance reporting will become a focus area for the Audit Committee in the future in order to address issues as they arise and thus alleviate the large number of issues raised at the close of the financial year.

We are however disappointed to report that the Municipality has been unable to commit to establishing a Performance Audit Committee in the new financial year. The reason being cited is funding. This is greatly disturbing as a fully functioning Audit Committee would be in a position to provide much needed guidance and support to ensuring a culture of sound financial management and control.

RISK MANAGEMENT

The Municipality has developed and adopted a risk management strategy during the year under review.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

In evaluating the financial statements the following steps were followed/taken:

- Reviewed and discussed the annual financial statements, included in the annual reports with the Auditor-General, the Accounting Officer and the CFO.
- Reviewed the Auditor-General's management report and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed Sakhisizwe Municipalities compliance with legal and regulatory provisions; and
- It was noted that we had not yet reviewed adjustments resulting from the Audit.

We concur with and accept the Auditor-General's report on the Annual Financial Statements, and are of the opinion that the audited Annual Financial Statements should be accepted and read together with the report of the Auditor-General.

INTERNAL AUDIT

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Municipality in the audits.

AUDITOR-GENERAL

We have met with the Auditor –General to ensure that there are no unresolved issues.

Report compiled by

Tracey Putzier
Audit Committee Chairperson

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AUDIT ACTION PLAN

2010/2011

To be included in March 2012 Final Draft (on receipt of the development of same – included the ACTION PLAN FOR 2009/2010 reported action taken during the preceding year)

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SAKHISIZWE MUNICIPALITY

ACTION PLAN FOR 2009/2010 action taken during the preceding year

Basis for Adverse Opinion	Problem identified	Action plan	Responsible person	Next step	Progress/ Status	Next follow up date
1 Fair value of investment property and inventory not disclosed under the cost model	- The independent valuation does not distinguish between Investment properties & RDP land for housing projects (to be classified as Inventory); - Land was identified that has not yet been transferred from the name of the municipality to the new owners; - Properties have been sold by the municipality to private owners (employed & indigent), however the transfer has not yet taken place for many as for many there are outstanding service charges and transfer duties owed. **(Completeness and valuation)**	1. The Property Valuation Roll is to be reviewed for errors and omissions by the Valuer in order to identify and distinguish between all: - all Investment Properties, - RDP houses - and also Owner Occupied properties. 2. A meeting needs to be set up with the Department of Housing to discuss a way forward; 3. Letters of notice will be issued, notifying all Debtors of outstanding debt and requesting them to settle their outstanding debt or make payment arrangements.	Saleni: manager IPED (Integrated Planning & Economical Development), MM, CFO & Valuer	1. CFO to meet with Valuer on Thursday 20th January to discuss the relevant issues identified in the AG Management letter; 2. A meeting needs to be set up with the Department of Housing to discuss a way forward. 3. Detailed Working Papers to be requested from the AG in order to establish problems identified.		Issue letters of notice by 21 January; Meet with Dept of Housing by 4th February

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Basis for Adverse Opinion		Problem identified	Action plan	Responsible person	Next step	Progress/ Status	Next follow up date
2	PPE and Accumulated Surplus is overstated	- Municipal properties of R800 000 for which the municipality does not have title have been incorrectly included in the balance of PPE; **Root** cause: - many municipal properties have not yet been surveyed and are still registered as commonage. These properties need to be surveyed and an erf number registered; - the municipality does not have copies of title deeds for certain properties that have been surveyed and registered	1. The Property Valuation Roll is to be reviewed in order to identify and distinguish between all: - all Investment Properties, - RDP houses - and also Owner Occupied properties. 2. A meeting needs to be set up with the Department of Housing to discuss a way forward; 3. The Department of Local Government has been requested to make their Surveyors available to assist in surveying the land and registering an erf number; 4. The Town Planner is to request copies of title deeds for all registered sites from the Deeds Office	Saleni: manager IPED (Integrated Planning & Economical Development), MM, CFO & Valuer	1. CFO to meet with Valuer on Thursday 20/1 to discuss the relevant issues identified in the AG Management letter; 2. A meeting needs to be set up with the Dept of Housing to discuss a way forward; 3. Detailed WP's to be requested from the AG in order to establish problems identified; 4. Dept of Local Govt to confirm if their surveyors can be used; 5. Town Planner to request copies of all title deeds.		Department of Local Government to confirm by 21st January; Meet with Dept of Housing by 4th February;

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Basis for Adverse Opinion		Problem identified	Action plan	Responsible person	Next step	Progress/ Status	Next follow up date
		- PPE expenditure and equipment expenditure of R653 000 has been incorrectly classified as general expenditure.	- 2011: Review the general ledger expenditure accounts for capital expenditure to be reallocated;	CFO & Technical Manager	1. Detailed WP's to be requested from the AG in order to establish problems identified; 2. 2010: Review the Audit Management letter for a detailed listing of the expenditure identified by the AG to be corrected in the AFS; 3. Procedures to be developed to ensure capital expenditure is properly classified and assets bar-coded for processing before payment are made.		Contact AG by 25 January

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Basis for Adverse Opinion		Problem identified	Action plan	Responsible person	Next step	Progress/ Status	Next follow up date
		- Included in PPE is a landfill site with a carrying value of R4.1 million. The useful life of the landfill site was estimated to be 5 to 15 years; however management has indicated the intention to close the landfill site by the 30 June 2010 (revised to 30 June 2012). The landfill site should have been depreciated in 2010 by R1.3 mil (overstatement of R1.3 mil); - Landfill site to be licensed.	1. A valuation will not be completed by 30 June 2011, but actions to upgrade the landfill site are in progress; 2. The accounting entries are to be corrected with the drafting of the 2011 AFS.	Technical Manager	Actions to upgrade the landfill site are in progress	- The MM has authorized the appointment of Technical Engineers who will look at alternatives to ensure that the Landfill site is compliant with legislation; - Council has taken a resolution whereby solid waste will be prioritized for the municipality; - The landfill site will be registered by 2011/12; - Funding have been secured with MIG for the cost of the process (R5 mil)	Follow up on the progress of the engineers on 28 February

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Basis for Adverse Opinion		Problem identified	Action plan	Responsible person	Next step	Progress/ Status	Next follow up date
		- Insufficient supporting documentation to reconcile Infrastructure additions of R14.3 million between the GL, Technical Department Register and physical assets.	- 2010 & 2011: Reconcile the Technical Managers MIG report to the general ledger.	Technical Manager & CFO	1. A reconciliation to be performed between the Infrastructure additions as per the Technical Managers MIG report and the general ledger.		Meeting with Asset clerk on 26 January
		- Insufficient supporting documentation to confirm the value of Roads infrastructure assets of R6.9 mil.	- 2010 & 2011: Reconcile the Technical Managers MIG report to the general ledger.	Technical Manager & CFO	1. A reconciliation to be performed between the Infrastructure additions as per the Technical Managers MIG report and the general ledger;		Meeting with Asset clerk on 26 January

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Basis for Adverse Opinion	Problem identified	Action plan	Responsible person	Next step	Progress/ Status	Next follow up date
	- A property belonging to the Municipality was not included in the valuation roll and PPE. No supporting documentation was available to support the value of the building.	1. The Property Valuation Roll is to be reviewed in order to identify and distinguish between all: - all Investment Properties, - RDP houses - and also Owner Occupied properties.	Saleni: manager IPED (Integrated Planning & Economical Development), MM, CFO & Valuer	1. CFO to meet with Valuer on Thursday 20th January to discuss the relevant issues identified in the AG Management letter		Meet with Valuer 20 January
	(Completeness, existence & valuation of PPE)					

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Basis for Adverse Opinion	Problem identified	Action plan	Responsible person	Next step	Progress/ Status	Next follow up date
3 The Municipality did not account for interest on overdue consumer debtors accounts.	The billing module on SEBATA, either did not charge interest to debtors for certain months, or else interest at the incorrect amount. Consumer debtors and accumulated surplus are understated by R1.1 million.	- SEBATA consultant to review the system to verify that interest is being charged correctly. - An independent person to perform a spot check for the accuracy and consistency of the interest charged on debtors.	SEBATA & CFO	1. The AG needs to be consulted in order to determine if the interest calculation needs to be corrected for the prior financial year;	- SEBATA has corrected the interest settings in the current 2011 financial year.	Contact AG by 25 January
4 The consumer deposits register is not complete.	Approximately half of the municipality's consumers were not charged deposits before services were provided to them.	- Action to be discussed with the CFO and the AG.	CFO	1. The AG needs to be consulted in order to determine what action can be taken to correct the issue identified.		Contact AG by 25 January
	The municipality did not maintain an adequate register of consumer deposits.	A deposits register must be developed and maintained. The register must be reconciled to the deposits control account.	CFO	1. A deposits register must be developed and maintained. The register must be reconciled to the deposits control account.		Contact AG by 25 January

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Basis for Adverse Opinion	Problem identified	Action plan	Responsible person	Next step	Progress/ Status	Next follow up date
5 The VAT 201 returns did not reconcile to the VAT general ledger.	The reconciliation between the vat returns and the general ledger reflected reconciling items amounting to R500 000. No supporting documentation for the reconciling items could be provided.	SEBATA to perform a reconciliation between the VAT returns and the general ledger	SEBATA & CFO	1. SEBATA to perform a reconciliation between the VAT returns and the general ledger		Meeting to be held with SEBATA on 25 January so discuss a way forward
	VAT refunds have not been received since the February 2010 tax period and there is a material uncertainty as to the recoverability of these refunds.	CFO to follow up with SARS to ensure that all outstanding refunds are received	SEBATA & CFO	1. CFO to follow up with SARS to ensure that all outstanding refunds are received		CFO to follow up with SARS by 4 February on his registration as a contact person
	VAT registration to be amended from the Invoice to the Cash Basis.	CFO to amend the VAT registration of the municipality with SARS	CFO	1. CFO to amend the VAT registration of the municipality with SARS		Meeting to be held with SEBATA on 25 January so discuss a way forward
	(existence, valuation & completeness of this balance)					

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Basis for Adverse Opinion	Problem identified	Action plan	Responsible person	Next step	Progress/ Status	Next follow up date
6 The existence of trade payables could not be confirmed.	Trade payables of R3.5 million as disclosed in note 16 to the AFS, differs from the underlying records.	SEBATA is to reconcile the trade payables to the general ledger and underlying records for both 2010 and 2011. The current year must be reconciled on a monthly basis.	SEBATA	1. SEBATA is to be consulted in order to assess the action to be taken to correct the issue identified		Meeting to be held with SEBATA on 25 January so discuss a way forward
7 Service charges of R5.5 million and assessment rates of R2.8 million included in note 18 to the AFS were understated by R732 000 and R130 000 respectively. Consequently consumer debtors and the accumulated surplus were both understated by R770 000.	No reconciliation was performed on rateable properties.	SEBATA to reconcile the rateable properties as per the valuation register and the rates levied as per the general ledger.	SEBATA & CFO	1. SEBATA is to be consulted in order to assess the action to be taken to correct the issue identified; 2. AG to be consulted in order to clarify the issues identified.		Contact AG by 25 January

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Basis for Adverse Opinion	Problem identified	Action plan	Responsible person	Next step	Progress/ Status	Next follow up date
	Errors occurred in the reading and the processing of meter readings (water & electricity, however greatest problem is with water meters that have not been installed or broken water meters.)	Technical Manager and CFO to meet with Chris Hani District Municipality in order to discuss the problems experienced and the way forward; Technical Manager and CFO to ensure that meter readings are performed and processed correctly.	Technical manager & CFO	1. Technical manager & CFO to meet with Chris Hani District Municipality to discuss action to be taken.		Meet with Chris Hani District Municipality by the 4th February
	Supporting documentation could not be provided for an assessment rates journal of R106 000 and electricity charges of R450 000.	- All staff who compile and process journals to ensure that sufficient supporting documentation is available for all journals processed; - CFO to review and sign off on all journals processed.	CFO	1. All staff who compile and process journals to be notified that they will be required to ensure that sufficient supporting documentation is available for all journals processed		4-Feb

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Basis for Adverse Opinion	Problem identified	Action plan	Responsible person	Next step	Progress/ Status	Next follow up date
	(Completeness, accuracy and occurrence of revenue could not be verified)					
8 The occurrence & accuracy of operating expenditure could not be verified.	Supporting documentation for R672 000 of the general expenditure of R7.5 million in note 24 could not be provided. Root cause: one of the problems is that there is no central stores to receive goods and signed delivery notes are not always forwarded on to the Finance Department.	- Analyze the AG management report to determine a breakdown of the journals identified; - Completeness check to be performed on all supporting documentation; - 2010: Hold discussions with the AG to assess if it's necessary to adjust the prior year corresponding figures in the 2011 AFS. - No payments should be made by Finance unless all the required documentation is available.	Supply Chain & CFO	1. Analyze the AG management report to determine a breakdown of the supporting documentation identified; 2. A completeness check to be performed on all expenditure from 1 July 2010 till 31 December 2011.		December to January expenditure to be checked for completeness by end February

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Basis for Adverse Opinion	Problem identified	Action plan	Responsible person	Next step	Progress/ Status	Next follow up date
9 The completeness, occurrence & classification of government grant revenue could not be verified due to insufficient supporting evidence.	There was insufficient supporting documentation to support Grant revenue of R41.7 million in note 21 of the AFS.	Analyze the AG management report to determine a breakdown of the transactions identified; Hold discussions with the AG to determine their requirements in order to correct the issues identified	CFO	1. Analyze the AG management report to determine a breakdown of the transactions identified; 2. Hold discussions with the AG to determine their requirements in order to correct the issues identified (as CFO had submitted the DoRA and there are no other available supporting documents)		Contact AG by 25 January

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Basis for Adverse Opinion		Problem identified	Action plan	Responsible person	Next step	Progress/ Status	Next follow up date
10	There was insufficient supporting documentation to verify the occurrence and accuracy of employee costs of R12.8 million in note 25 to the AFS.	Insufficient supporting documentation to verify that employee costs of R352 000 were included at the correct salary grade.	- SEBATA & Human Resources to ensure that sufficient supporting documentation is available and filed in order to support all employee costs; - 2010: Assess if the prior year corresponding figures need to be adjusted for the 2011 AFS.	CFO & Human Resources	1. Hold discussions with the AG to determine their requirements in order to correct the issues identified & assess if the prior year corresponding figures need to be adjusted for the 2011 AFS		Contact AG by 25 January

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Basis for Adverse Opinion		Problem identified	Action plan	Responsible person	Next step	Progress/ Status	Next follow up date
		Casual wages of R861 000 was classified as general expenditure.	SEBATA to ensure that casual wages is correctly classified in the general ledger	CFO	1. Consult AG to ensure why casual wages should not be classified as general expenditure		Contact AG by 25 January
		No supporting documentation, in the form of timesheets or wage registers, could be provided for casual wages expenditure of R159 000.	- Human Resources to ensure that sufficient supporting documentation if available and filed to support all employee costs; - 2010: Assess if the prior year corresponding figures need to be adjusted for the 2011 AFS.	Human Resources	1. Hold discussions with the AG to determine their requirements in order to correct the issues identified (as HR confirmed that timesheets are kept and were available for the AG)		Contact AG by 25 January
11	Commitments were understated by R2.4 million at year end.	The municipality entered into contracts for the upgrading and construction of roads for which expenditure had not been incurred at year-end.	- The Technical Manager to compile a listing of all commitments at year-end; - 2010: Assess if the notes to the prior year corresponding figures need to be adjusted for the 2011 AFS.	*Mr X Mntonintshi* : Technical Manager	1. The Technical Manager to compile a listing of all commitments at year end;		30-Jun-11

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Basis for Adverse Opinion		Problem identified	Action plan	Responsible person	Next step	Progress/ Status	Next follow up date
12	Irregular expenditure is understated by R7.1 million.	Irregular expenditure of R7.1 million was identified which was not disclosed in note 39.	- CFO to ensure that the Procurement Policy is amended in line with legislation; - arrange training for staff in order to inform them of the changes to the policy and the requirements they need to adhere to when procuring goods; - 2010: Assess if the notes to the prior year corresponding figures need to be adjusted for the 2011 AFS.	CFO	1. CFO to conclude the changes to the Procurement Policy to ensure it is amended in line with legislation;	The CFO has commenced the review of the Procurement Policy in order to align it with legislation.	4-Feb
13	Monthly checklist	Lack of Audit Trail	- Compile a monthly checklist for all reconciliations to be performed; - Checklist to be reviewed and signed off by the CFO on a monthly basis	Service Provider/ CFO	Compile a monthly checklist for all reconciliations to be performed		11-Feb

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CHAPTER 5.

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

5.1. OVERVIEW OF THE EXECUTIVE AND COUNCIL FUNCTIONS

a. Political Structure

As per the Municipal Structures Act, Act No. 117 of 1998, Sakhisizwe Municipality is required to function as a Plenary Executive Council System.

In the case of a traditional plenary executive system (specific to small municipalities), the municipal council elects a mayor, but there is no Executive or Speaker. In this instance, it is required that the Mayor chair the Council meetings and it is required that the Council as a whole make the required decisions and plans regarding the management and operation of the municipality. In this manner, the plenary of the Council effectively acts as the Executive.

Sakhisizwe Municipality enjoys a Plenary Executive System with a different structure. Special permission was obtained from the local Government MEC to have a full-time Mayor, full time Speaker and a Chief Whip. Four Councillors form part of the new Exco (Executive Committee).

The Executive Committee functions in a manner that ensures that Council business runs smoothly. In an effort to improve the decision-making ability of Council, recommendations from various Council Committees will be forwarded to a full Council meeting to ensure that a final decision is made. In the Committee Meetings (for example, as a Finance Standing Committee), a single focus perspective of the issue may be obtained. In the case of the Council meeting, the report is presented thoroughly to a broader group, who will analyze the situation proposed in a more holistic manner. They will for example consider the broader context when taking a decision regarding the building of a road. For example they might look at the related departmental impact on the building of a road.

It is noted that the majority of Council decisions are based on Exco recommendations and at times Exco may make final decisions independently on routine issues (while reporting these to Council). Where these issues are non-routine, the issue will be debated by full Council where upon a final decision will be made. Appropriate input is made in order to facilitate an informed decision.

As a democratically elected Category B Municipality, Sakhisizwe Municipality's Council is made up of elected Ward Councillors and Proportional Representation Councillors.

Councillors are elected for a period of five (5) years. This Council has been in office for the period 2006 – 2011. In terms of the functional structure of Council and through the operational nature of Standing Committees Councillors are required to make informed decisions regarding the running of the organization within the areas of: IPME; Community / IPED Services; Corporate Services; Budget and Treasury, Technical Services and issues relating to the Municipal Managers office.

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The Plenary Executive System as detailed, may be considered more graphically as follows:



The outgoing Council is made up of 13 Councillors (7 Ward Councillors and 6 Party Representatives). Their names and portfolio responsibilities are reflected as follows:

MAYOR W Tikana	**Portfolio: Finance, Admin, and Governance & SPU**
Cllr: S Ntakana	**Portfolio: Finance, Admin Governance & SPU - Ward 2**
Chief Whip: Cllr: M Mxhonywa	**Chairperson: Portfolio: Social Needs - Ward 1**
Cllr: T Hoza	**Portfolio: Social Needs - Ward 3**
Cllr: M Sondlo	**Portfolio: Infrastructure - Ward 4**
Cllr: S Jentile	**Chairperson: Portfolio: Infrastructure - Ward 5**
Cllr: M Tshona	**Portfolio: Finance, Admin Governance & SPU - Ward 6**
Cllr: F Ngondo	**Portfolio: Social Needs - Ward 7**
Cllr: N Kutuka	**Portfolio: Infrastructure – PR**
Cllr: M Mahlombe	**Portfolio: Infrastructure - PR**
Cllr: M Mzuzu	**Portfolio: Social Needs – PR**
Cllr: Z Dyonase	**Portfolio: Social Needs – PR**
Cllr: N Ponoshe – Razilane	**Portfolio: Social Needs – PR**

2011 represented the end of this 5-year term; and a new Council was elected and appointed with effect from 31 May 2011. This new Council is reflected diagrammatically below as follows:

New Council Exco Councillors:

Mayor: Mr Jentile
Cllr. N. Mxhonywa (Chief Whip)
Cllr. S. Ntakana
Cllr. N. Stofile (Part-time)

New Council Members (May 2011)

Mayor Mr Jentile	**PR**	**ANC**	**Portfolio: Finance, Admin**
Chief Whip: Cllr: M Mxhonywa	**PR**	**ANC**	**Portfolio: Infrastructure**
Speaker: Cllr N Mananga	**PR**	**ANC**	
Cllr: S Ntakana			**Portfolio: Finance, Admin**
Cllr N Stofile	**PR**	**ANC**	**Portfolio: Social Needs**
Cllr T Doda	**2**	**ANC**	
Cllr: T Hoza	**3**	**ANC**	**Portfolio: Social Needs**
Cllr: N Ponoshe – Razilane	**3**	**ANC**	**Portfolio: Social Needs**
Cllr Z Mose	**5**	**ANC**	**Portfolio: Infrastructure**
Cllr T Jam-Jam	**6**	**ANC**	**Portfolio: Social Needs**
Cllr: S Suka	**PR**	**ANC**	**Portfolio: Finance, Admin**
Cllr: M Mahlombe	**7**	**ANC**	**Portfolio: Finance, Admin**
Cllr: F Ngondo	**8**	**ANC**	**Portfolio: Infrastructure**
Cllr: M M Tshona	**9**	**ANC**	**Portfolio: Infrastructure**
Cllr: Z Dyonase	**PR**	**ANC**	**Portfolio: Infrastructure**
Cllr: M J Andrews	**PR**	**DA**	**Portfolio: Finance, Admin**
Cllr: S Bavuma	**PR**	**COPE**	**Portfolio: Social Needs**

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b. Standing Committees

As per s79 and s80 of the Municipal Structures Act, (Act 32 of 2000) and s160 of the Constitution, Standing Committees have been established as follows:

- Finance/Admin , Governance and SPU
- Infrastructure
- Social Needs

As indicated, Standing committees are created in order to facilitate accurate and appropriate decision-making by Council. By meeting monthly as a dedicated Standing Committee, all decision-making issues are examined thoroughly and recommendations agreed to. In this manner, the Councillors dedicated to these standing committees become more involved and knowledgeable (in-depth knowledge) about the issues at hand/affecting each department.

These Standing Committees are chaired by Standing Committee members and they in turn are made up of members from political parties.

Additionally an Oversight Committee had been established during the preceding financial year. This Committee is required to provide financial oversight and control on all administrative matters regarding the running of the organization.

c. Ward Committees

Sakhisizwe Local Municipality represents a plenary executive system that includes a ward participatory system. In this type of system, the executive powers lie with the full council and all executive decisions are taken by Council through the Mayor as Chairperson.

S72 -78 of the Municipal Structures Act allows for the establishment of seven (7) Ward Committees and each of these Committees is chaired by the relevant Ward Councillor.

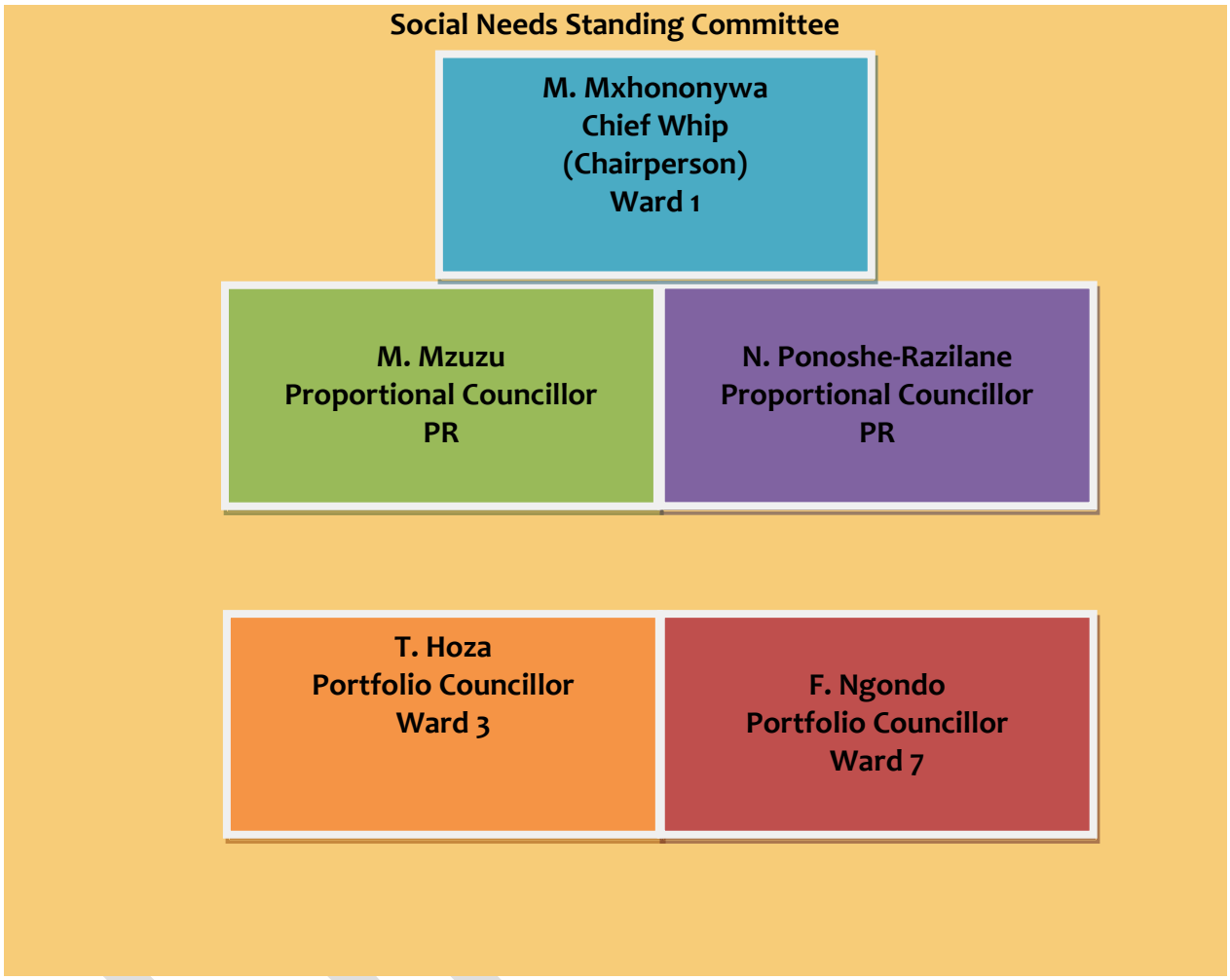
The establishment of Ward Committees facilitates the process of "participative local government". These committees are regarded as "consultative" community forums and through these structures opportunities for the community to participate in local government issues and needs are provided.

These committees have no formal powers although submissions to Council are made via the respective Ward Councillor.

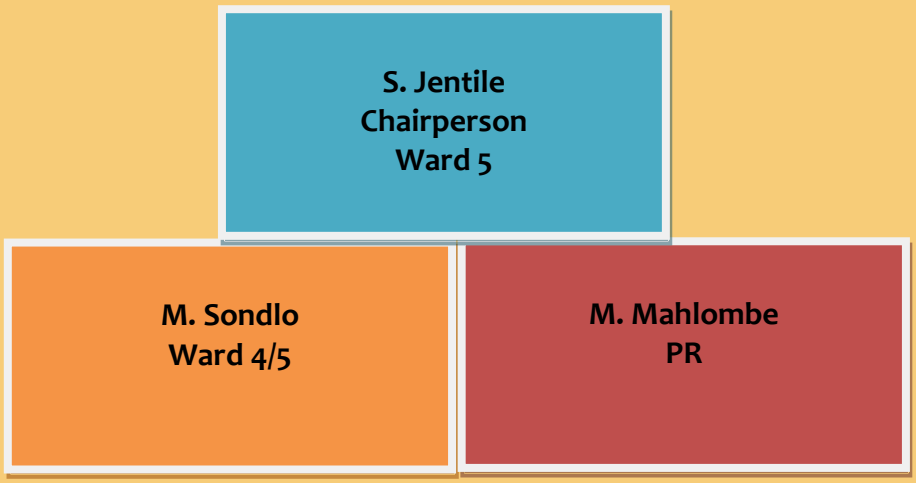
The greatest challenge in obtaining community support relates to the nature of the geographical spread and the cost and transport issues faced when attempting to encourage meeting attendance.

Notwithstanding these challenges it appears that Ward participation has increased overall, and cluster meetings are being held more regularly.

c. Council Portfolios (Outgoing Council)



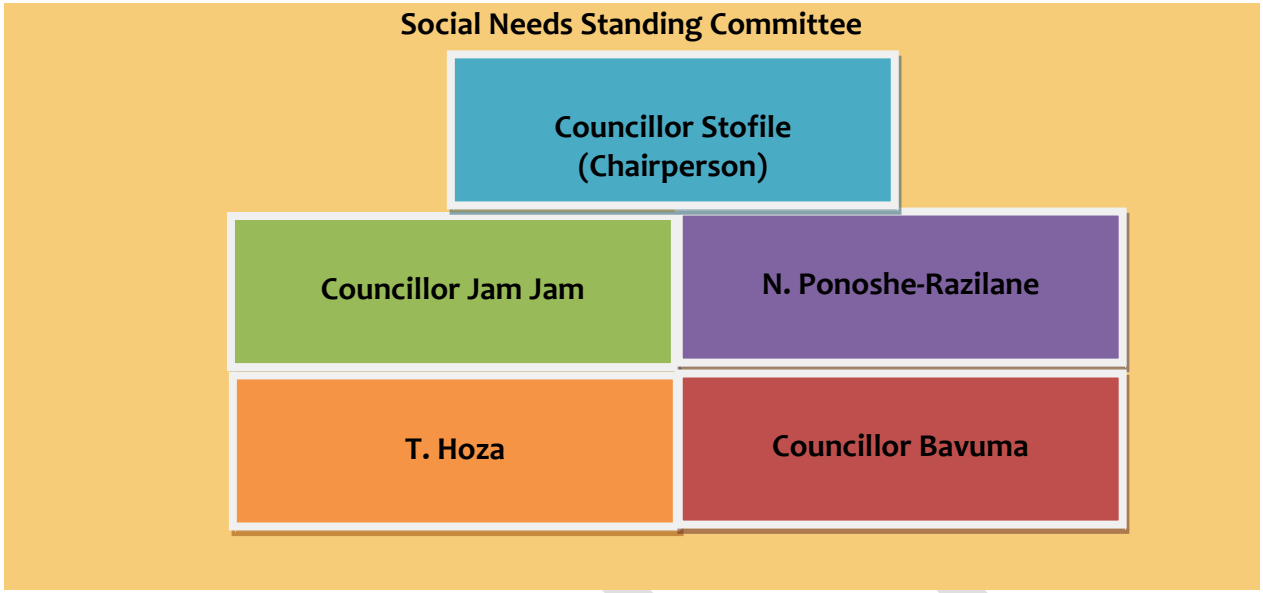
Infrastructure Standing Committee

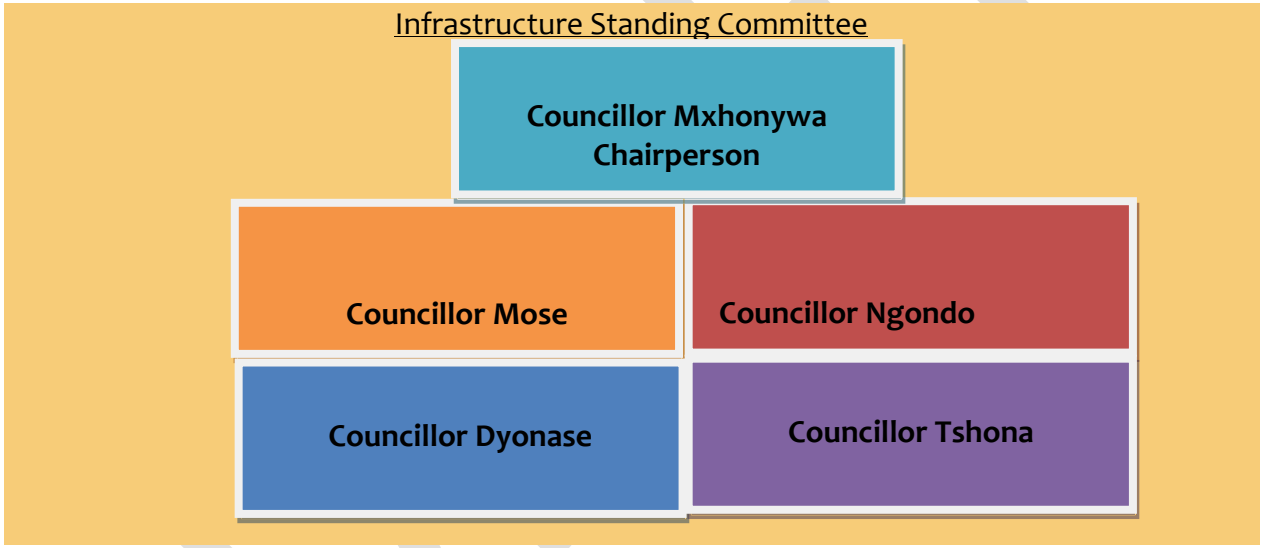


Finance, Administration, Governance and SPU

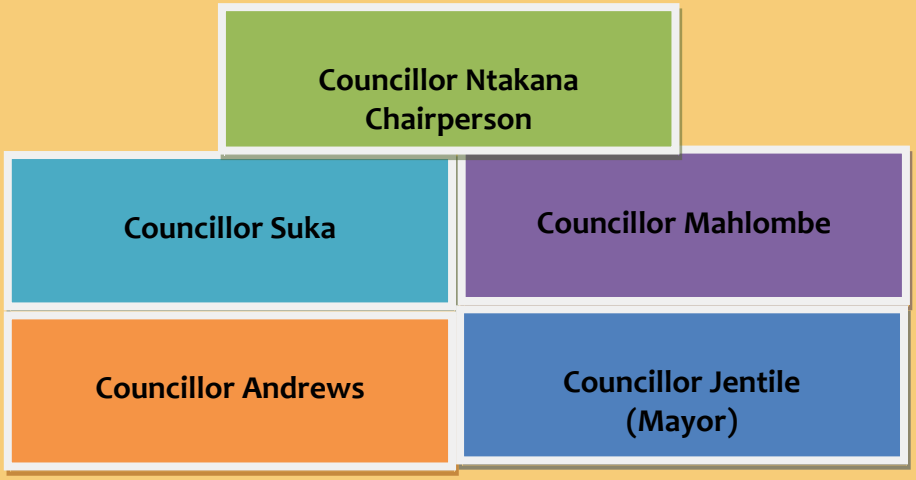


New Council Portfolio Heads as of May 2011





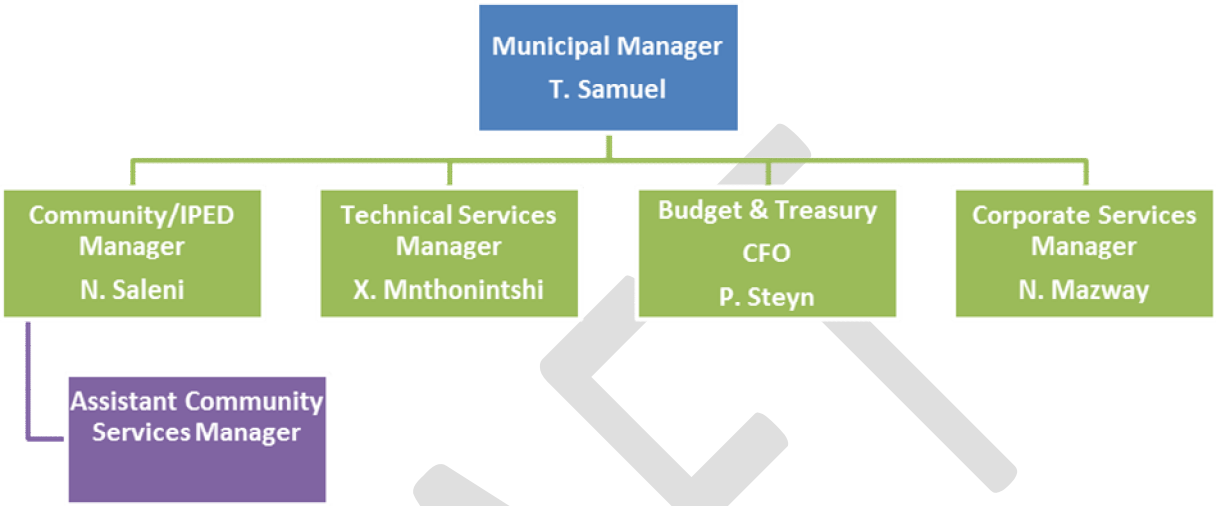
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5.2. ADMINISTRATIVE STRUCTURE – CURRENT STRUCTURE

The structure below depicts the current structure of Sakhisizwe Municipality.



The functional structure of the municipality consists of four departments, reporting to the Municipal Manager.

These are referred to as:

- Community/IPED
- Technical Services
- Budget and Treasury, and
- Corporate Services

To date no appointment has been made to the position of Community Services Manager (vacant for the past 4 years). The absence of an appointed Community Services Manager has resulted in the Community Services department being treated as a split management function (shared between the Technical and IPED divisions). Moving forward it is acknowledged that provision must be made on the organizational structure for 2011/2012 to create a separate Community Services Manager as the functions required to be managed reflect an entire department and should be managed by a section 57 appointment.

With the position of the Assistant Community Services Manager having been filled, many more of the Community Services Administrative functions have been filled.

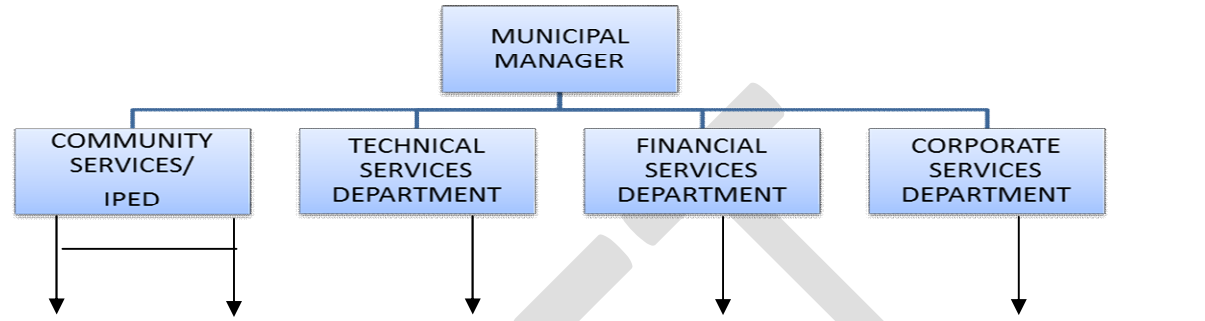
As indicated in the previous year's report, the appointment of the management team during 2008 facilitated an unexpected turnabout. The IPED, Technical, Corporate and IPED Managers were appointed, however they have never reached their full potential, and every effort has been made to capacitate and empower them through ongoing mentoring and

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training efforts.

A dedicated PMU Manager under the Technical Services Manager has proved to be a great success and MIG funded projects (IDP and grant funded) have been well managed and so too the IDP projects.

FUNCTIONAL STRUCTURE



Social Development
Environmental Management Programme
Health Services/HIV and Aids
Traffic (Law Enforcement Management
Traffic Administration (eNatis)
Cleansing Services (Grass Cutting, street cleaning, maintenance Sportsfields, parks & open spaces etc.)
Commonage & Pound Management
Libraries and Amenities (Halls) Management
Health Services/HIV and Aids
Waste Management/ Refuse

IDP
LED
Tourism
IDP related facilitation of housing projects
Agriculture development
Solid waste and associated Cleansing (Grass Cutting, street cleaning, maintenance sportsfields, parks & open spaces etc.)
Commonage& Pound
Housing

PMU
Water & Sanitation Services Provider
Roads
Electricity
Sanitation
Town Planning
Building Control
Spatial Development

Income
Accounting
Expenditure
Budget
Management Programmes
Supply Chain Management
Procurement and Supply Chain
Internal Audit and Information Technology

Administration
Records & Archives
Human Resources
Skills Development
Council Support
Legal Support
Transport Management
Organisational Development and Performance
Occupational Health

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5.3. THE INTEGRATED DEVELOPMENT PLAN IDP

S34 of the Municipal Systems Act (Act No. 32 of 2000) read together with Chapter 2 of the Local Government: Municipal Planning and Performance Management Regulations, No. 796/2001 requires that the municipality develop its 5-year IDP and review and update this document annually, (after obtaining inputs from public participation initiatives).

The IDP represents a strategic planning document that informs and guides all strategic direction and objectives for a period of 5 years (for the current Council 2006-2011). This document represents a long-term vision. This document is informed by inputs obtained from the community during mayoral imbizo's and IDP planning sessions. These are planned and held annually in order to provide every opportunity to detail feedback regarding progress and challenges, and to obtain further input that would be used to shape/modify the annual review.

In keeping with the long-term vision, the IDP document details the operational goals and targets that would be required to be developed and applied in order to meet this vision. Additionally, the IDP is developed with alignment to the Budget – thereby ensuring that required goals and targets can realistically be met.

It is important to note that the IDP represents a holistic approach to planning. Linkages are constructed between financial planning, infrastructure, investment planning, service delivery and intergovernmental relations. In this manner the IDP is utilized in a manner that maximises the impact of developmental interventions made by government.

The IDP Process

As the strategic document that guides all other planning in the organisation, the IDP is required to change and to be dynamic in order to adjust and make best use of changing circumstances. As legislated, a 5-year IDP is developed for each new term of office. This is reviewed annually and a completely new IDP is developed and approved for each new Council.

The purpose of the IDP is to:

- Speed up the delivery of basic services and to ensure that service delivery is appropriate in terms of scale and standard of service; and
- To provide a financial, institutional and spatial framework for economic and social development within the municipality.

The IDP is informed by the community (from structured inputs). Based on the IDP objectives for a particular year in time and the related budget, IDP projects are assigned to specific departments. These projects inform the development of the Service Delivery Budget Implementation Plans. These targets contained within the SDBIP's are then translated into more operational targets and finally reflected as individual performance targets, located within individual scorecards. The Individual Performance Management System is currently only applicable to s57 managers.

Annually, a Process Plan is developed which informs the manner in which the IDP will be reviewed and managed. The planned meetings were detailed, scheduled and held as

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required.

In order to facilitate the development and review of the IDP the IDP Steering Committee was formulated in order to manage and coordinate this process effectively.

The IDP Steering Committee is comprised of a number of stakeholders:

Internal	External
The Municipal Manager The IPED Manager Members of the IDP steering Committee	IDP Stakeholders IDP Representative Forum Sectors Departments Intergovernmental Representative Forum (monthly)

The IDP Road Shows 2010/2011 were arranged to obtain and to provide IDP related information. These were planned and held as follows:

IDP ROADSHOWS 2010/2011

Ward	Venue	Date	Time	Deployees
IDP Rep Forum	**Cala Town Hall**	**15/04/11**	**11 am**	**All Councillors Management**
Ward 3	**Cala Pass Community Hall**	**04/05/11**	**11am**	**Cllr Hoza Ms Maliti Mr. Mntoninshi Cllr. Ngondo Cllr Tikana**
Ward 1	**Elliot Town Hall**	**04/05/11**	**2 pm**	**Cllr Mxonywa Cllr Ntakana Mr Saleni Mr. T Samuel**
Ward 2	**Masibambane Hall**	**04/05/11**	**3 pm**	**Cllr Hoza Cllr Jontile Mrs Maswayi Ms Diliza**
Ward 4	**Cala Reserve**	**04/05/11**	**10 am**	**Cllr Sondlo Cllr Tahona Ms Nkqoyi Mr Mdyosi**
Ward 5	**Cala Town Hall**	**04/05/11**	**5 pm**	**Cllr Jentile Cllr Ngondo Mr Saleni Ms Maliti**
Ward 6	**DM Skosana**	**05/05/11**	**11 am**	**Cllr Tshona Cllr Ntakana Ms Nkqoyi Ms Maliti**

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Ward	Venue	Date	Time	Deployees
Ward 7	**Mazimahle**	**09/05/11**	**12.30 pm**	**Cllr Ngondo Cllr Jentile Ms Mdyosi Mr Mntoninshi**
New Ward from Emalahleni	**Meeula (Esincanceni)**	**05/05/11**	**10 am**	**Cllr Mahlombe Cllr Hoza Mr Saleni**

Public Participation

Public Participation refers to any and all attempts to meet with and engage with the public. Inclusive of the IDP and SDBIP related hearings are the following:

- Mayoral Outreach/Imbizo's

Mayoral imbizo's were held in all wards. It has been the intention of these Imbizo's to provide the public with the required feedback on progress in respect of the IDP and Budget. All feedback received was then forwarded to the relevant standing committees for appropriate action.

- Public Hearings

With the advent of a number of by-laws during the current financial year, a number of public hearings were held, in order to sensitize and provide information to the public in this regard.

In this manner it is ensured that formal opportunities are created during which the public have an opportunity to input into policy and the strategic direction of the municipality. Similarly they have an opportunity to provide and receive feedback to and from the Council.

When reviewing the IDP, the representative forum and outreach programmes served as the primary vehicle for consultation and public participation. Public participation during the period under review was conducted mainly through Ward Committee Meetings in conjunction with Community Development Workers and through the use of Mayoral Imbizos.

While greater community involvement was achieved it is acknowledged that additional efforts are required for continued improvement of the effectiveness of ward committees.

Ward Committees Establishment and Functionality

Ward Committees were established as required and in terms of Gazette No. 1405, Notice no. 209 of 9/12/2005. By-Laws were published relating to Ward Committees in terms of s13 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000) read with s162 of the Constitution of the Republic of South Africa Act 1996 (Act 108 of 1996).

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According to these prescriptions it must be noted that:

- Representation on Ward Committees shall not be according to political party affiliation and will include religious, youth, civic, education, sport, culture, business, welfare, and women's associations.
- Committees are required to meet at least once per quarter and report formally to the Municipal Manger at least quarterly through their Ward Councillor;
- The term of office of a member is a period of two years;
- The Mayor is responsible overall for the functioning of the Ward Committees and will meet at least quarterly with all Ward Committees to discuss issues of mutual concern and issues to be addressed; and
- The Mayor shall submit a 6 month report to Council on the activities and considerations of the Ward Committees.

Certain challenges in respect of functionality were present and these are reflected as follows:

- Not all Ward Committees were meeting as regularly as required;
- Challenges in travelling impacted the most on the degree of functioning of these committees. Due to the geographical spread of the area required to be covered (serviced by these committees), ward members were required to travel huge distances in order to service the needs of these wards.

Each Committee will be chaired by its respective Ward Councillor. During Ward Committee meetings, the community members are briefed about developments in their ward and within the municipality itself. In this manner, a consultative community structure is created and maintained.

In order to facilitate the smooth running of these communities a code of conduct has been developed which will in turn be work shopped.

In keeping with all required legislation it must be noted that:

- All records of meetings scheduled and attended are required to be maintained (minuted);
- Minutes of all meetings are to be made available;
- Written proof is available regarding resolutions tabled to Council;
- Minutes are available for all feedback meetings with communities; and
- Ward Committee activity reports are required to be made available to all.

Challenges have been experienced in maintaining the quality required for meeting minutes, agenda and the required timeframes for distribution.

5.4 Community Development Workers (CDW's)

The objectives and functioning of CDW's is motivated by the need not only to identify households in need, but also to ensure that community relationships between the communities and the municipality are fostered, in order to ensure adequate marketing and utilization of services offered.

CDW's report monthly to their co-ordinator in order to provide operational monthly reports. Reports regarding activities performed and observations noted are forwarded monthly to the municipality via the Speakers Office. All Ward Committee meetings are attended by the CDW's who also then provide assistance to the Ward Councillors in respect of the dissemination of information.

In an effort to ensure effective service delivery from the CDW's, it is noted that all CDW's have undergone the appropriate training. Difficulties in communication between the CDW programme and the municipality has not yet been resolved. Through additional training and greater understanding of their function and role within the organization, it is hoped that this challenge will be addressed over time and especially with the appointment of the new Council.

At a practical level it must be noted that CDW's have had great difficulty in fulfilling their work duties, due to a lack of adequate inter-ward transport and the lack of computers and printers to document evidence and to produce reports.
Overall, while the prime focus of the current year has been to identify and report on households in need (utilizing a "door to door campaign" which facilitates the identification of the household situation and the government services required).

Through their reporting mechanisms the CDW's are then submitted to the relevant government department in an effort to enlist the required assistance for that household.

While this programme has achieved great success through its marketing campaigns, it is hampered by the lack of transport and telecommunications that would enable CDW's to ensure that the requested services reached the required families.

Overall it is fair to state that the greatest operational challenges are :

- The lack of transport – experienced due to the poorly constructed road network; and
- Poor telecommunications (attributed to lack of access to airtime and too few cell phone towers) which prevent the CDW's ensuring that they reach the necessary families as required.

5.5 Communication Strategy

The Communications Strategy has been well applied especially at the time when there was a dedicated Communications Manager to drive these initiatives and processes. Internally

regular meetings were encouraged and email facilities were provided and staff were encouraged to follow all communication lines. The external processes involved radio, the local newspapers, and public events. The vacation of this position after the resignation of the Communications Manager has left a huge void and attempts are still being made to attempt to fill this post.

Strategy and activities covered by this strategy are reported on as follows:

Media Relations and monitoring

Establishing good relationships with the media is vital to the success of the organization and its public participation responsibility. Acknowledging this, Sakhisizwe Municipality has ensured that every effort has been made to establish good relations with the media.

Events Management

Event management is an important skill in the government communication process, in order to ensure that specific events achieve their goals and to ensure that the correct messages are communicated to the people targeted.

External Communication

Of critical importance is the role of internal and external communication within the organisation. In efforts to improve these efforts were made to build up good relations with the external newspaper offices and the like. The absence of a dedicated Communications Manager has impeded progress in this area.

Municipal Website

The municipal website is fully functional although challenges are experienced in terms of its day-to-day maintenance. Efforts to update this monthly are made. All legislated documentation (for public information and comment), tender documents, policies, by-laws and issues of interest are placed on this user-friendly site.

5.7. Intergovernmental Relations

Intergovernmental Relations (and the improvement thereof) is driven at the district level, through the IGR Forum, which provides the necessary vehicle to promote and to improve this process.

In an effort to facilitate this process an Intergovernmental Relations Framework Policy

was adopted by the District Municipality. In keeping with this, intergovernmental structures have been created and are functional. These refer to the following clusters: social needs, economic and infrastructure, safety and justice clusters. At this point the governance cluster is in the process of reorganising itself.

All clusters are formally constituted and have their terms of reference in place, which clearly spells out their roles and responsibilities. Accordingly, all clusters within the district meet bi-monthly while sub-committees meet monthly in order to discuss service delivery, policy issues, integration, coordination, monitoring and evaluation issues.

Aside from the clusters, other existing and functional structures include: the District Technical Task Group and the District Mayors Forum (DIMAFU). DIMAFU sits quarterly in order to align key programmes and issues between Sakhisizwe Municipality and the other local municipalities that fall within the Chris Hani Municipal District.

As an s79 Committee, DIMAFU represents a special committee made up of councillors. In this instance it is made up of the Mayors of all the local municipalities (including Sakhisizwe Municipality). Clusters hold meetings quarterly, and the District Technical Task Group also holds these meetings.

Additionally, it must be noted that the Municipal Manager and the Mayor attend the Munimec meetings. These are driven and coordinated by the MEC for Cooperative Governance. Munimec is considered to be a vehicle that scrutinises the performance of government programmes.

During the IDP process it must be noted that consultation occurred with the Sector Departments (usually in February/March). Overall it is noted that Sakhisizwe Municipality has experienced successful public participation programmes and this in turn has improved IGR and communication processes greatly

Legal Matters

Setting up of legal units

Sakhisizwe Municipality currently has no formal designated legal unit and the municipality outsources its legal services.

Management of litigation

Two unfavourable cases are detailed below and Corporate Services manage this function.

Case Name	Recovery Yes/No	Reasons for Non-Recovery
Mrs Z. Ndamase	No	Reinstated through Arbitration award
Ms. N. Ntlonze		Case underway

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Criminal matters emanating from corruption and fraud

The outcome of the current cases will determine whether criminal cases will result, however none were applicable during 2010/2011.

Management of Legal Risks

No policy on the management of Legal Risks exists.

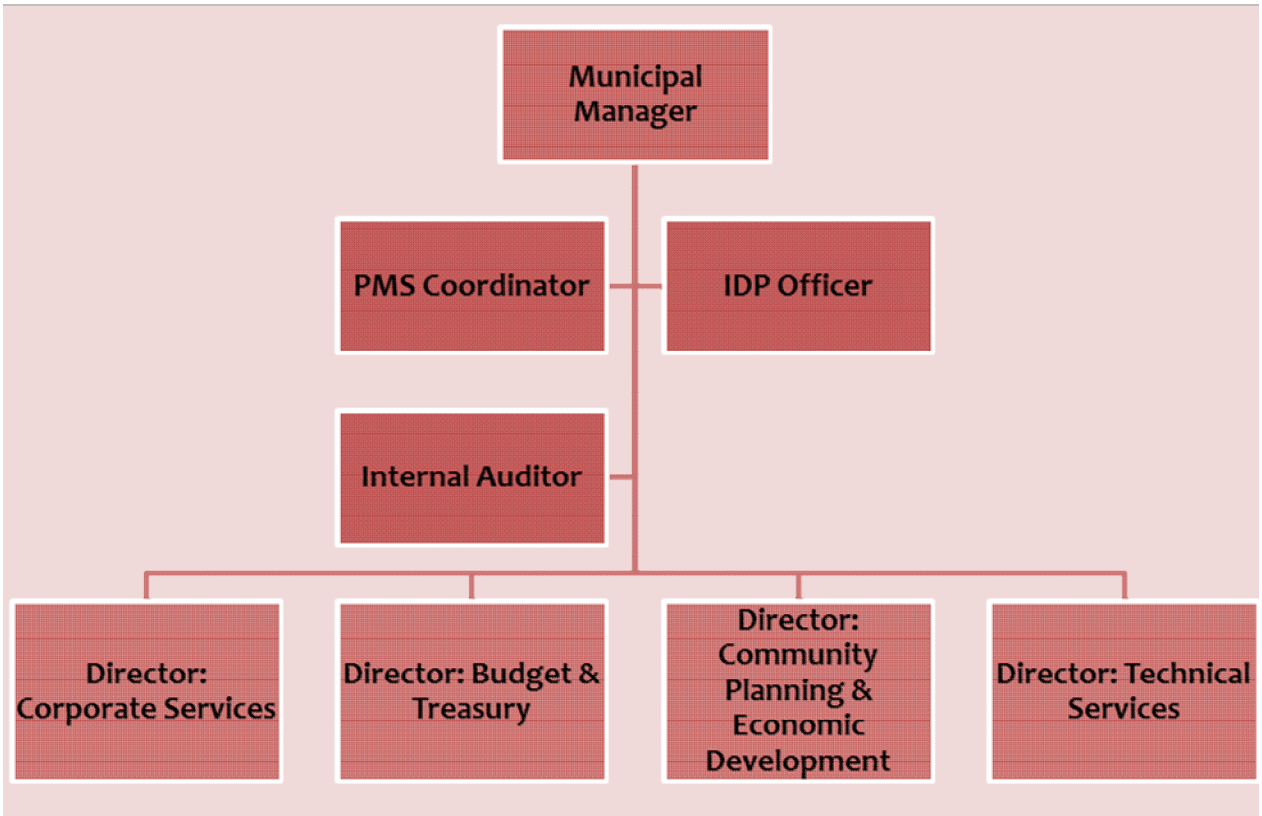
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CHAPTER 6.

FUNCTIONAL AREAS SERVICE DELIVERY

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6.1 OFFICE OF THE MUNICIPAL MANAGER



MUNICIPAL MANAGER: T SAMUEL

The position of Municipal Manager brings with it the responsibility to function as both the strategic and administrative head of Sakhisizwe Municipality.

Within this structure it must be noted that the Municipal Manager facilitates functioning within the Mayor's Office at administrative level.

In keeping with the principles of participative local government, it is the responsibility of the Municipal Manager to drive all public participation initiatives and to ensure that sufficient meetings are held in order to facilitate open and free dialogue between and among the community and local government (i.e. between NGO's, FBO's, CBO's and private

partnerships).

Note: The Municipal Manager administratively facilitates functioning within the Mayoral Office

FUNCTIONAL RESPONSIBILITIES

The following functional responsibilities relate to the position of the Municipal Manager

- To review, update and apply the Institutional and Employee Performance Management Framework and System;
- Facilitate the achievement of IDP objectives;
- Organizational Structural Review and Alignment;
- Policy and By-law Review;
- Delegations Framework Review and Compliance;
- Facilitation of Public Participation Initiatives;
- Management of Ward Committees;
- Functioning of Community Development Workers;
- Internal and External Communication (Communications, media/marketing & customer care);
- Special Programmes;
- HIV/AID'S management;
- Indigent Management;
- Intergovernmental Relations;
- Compliance monitoring & evaluation,
- Governance & Internal Audit, and
- Financial Viability and legislative compliance.

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OVERALL OBJECTIVES FOR 2010/2011

- Reviewed and approved IDP;
- Approved organogram structure;
- Development, approval and implementation reports re- Community Participation Plan and Strategy for implementation;
- Effective & efficient Ward Committee structures;
- Improved communication (both internally and externally);
- Reviewed, approved and applied PMS Framework and Policy (at institutional and individual level);
- Developed and approved Delegations Framework which is workshopped to staff;
- Public Participation Plan approved and implemented as required;
- Facilitation of Mayoral Imbizos'
- Application of HIV/AIDS programmes;
- Application of Special Programmes as planned;
- To ensure that internal auditing function is completed as scheduled and in the manner required;
- To ensure all service delivery targets are met;
- To ensure all backlogs are addressed as planned;
- Adoption and application of Indigent Policy;
- All governance issues addressed as planned; and
- Ensuring that the Sakhisizwe Municipal area develops in the manner required through local economic development initiatives and tourism.

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PERFORMANCE REPORTING AND CHALLENGES

Financial Reporting and Financial Compliance

The financial health of Sakhisizwe Municipality has historically been an area of great challenge and financial constraints have long affected the viability of this municipality. Experiencing these challenges in a climate characterized by high levels of unemployment and poverty and poor administration in the past, has created an extremely challenging environment for Sakhisizwe Municipality. Having been exposed to assistance from various parties, not the least of which was the DBSA team, efforts over the last few years have resulted in much positive change and much has been done to pave the way towards developing better controls and systems of functioning.

During this financial year extra emphasis was placed on developing internal controls and systems – an area of deficiency that was highlighted in the previous financial year.

Accordingly the following issues are highlighted:

- Systems and controls were required to be put in place as it was noticed that approximately half of the municipal consumers were not charged deposits prior to receiving services;
- The deposits register is not effectively maintained and must in future be reconciled to the deposit control account;
- No commitment register for capital projects and no consolidated service providers performance report
- Claims of unauthorised irregular and fruitless and wasteful expenditure are to be eradicated through the implementation of sound principles of control and management;
- While improvements have been made in the application of the Credit Control Policy and the implementation of "cut offs" it is to be noted that significant revenue is still being lost in respect of late or non-payment. Every effort is required to be made to continue to make improvements in this area which is exacerbated by the low revenue base;

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- The internal audit function is provided successfully as a shared function by Lukhanij Municipality;

- Non implementation of Performance Management (as regulated) last assessment 2008/2009 Financial year.

- Huge challenges were experienced in respect of the establishment of the PMS Internal Audit Committee and in ensuring that this audit function facilitates the application of the PMS cycle in the manner prescribed. This is an area that is required to receive focus moving forward;

- GRAP compliance has been successfully applied and this taken into account deviations for low capacity municipalities;

- MFMA financial reporting has occurred and an Audit Action Plan was developed in order to facilitate a process where issues identified by the Auditor General as requiring attention are formally addressed. While not all issues have been addressed, it is fair to say that this action plan has assisted in facilitating improvement in many of the areas identified.

Supply Chain Management

While it is acknowledged that a Supply Chain Management Policy is in place and efforts are underway to ensure that this policy is followed strictly, it is acknowledged that the organization is falling short when it comes to issues of Supply Chain Compliance Reporting and both deadlines and quality of reporting are not being met.

IDP and Performance Management

As required in terms of legislation, the IDP has been reviewed. There has been criticism levelled at the 2009/2010 IDP In the 2010/2011 IDP it must again be questioned in terms of the credibility of the data contained therein, specifically related to the Performance Management system detailed therein. It must be noted that a discrepancy exists between the Performance Management Framework and System as depicted within the 2010/2011 IDP and that which is currently approved and applied within Sakhisizwe Municipality. It must be

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noted that the 2011/2012 review has been completed in a more efficient manner with closer attention to authenticating the data. Through the IDP's Process Plan, community input was achieved through the many outreach and participation (cluster) programmes. While this is never regarded as sufficient and there is plenty of opportunity available for improvement ongoing, it is acknowledged that greater community involvement and input has been achieved overall and the IDP is now more representative of the community needs.

Improvement has been achieved in ensuring an IDP with an aligned Budget and SDBIP. Additionally and in terms of required reporting the national indicators have been included in the manner in which the SDBIP and Performance Scorecards have been written (for all s57 managers). In this manner, reporting on national issues is facilitated and regarded as more of a priority.

All s57 Managers are in possession of their signed performance agreements and performance scorecards. Currently the employee performance management system is only applicable at the level of the s57 managers. Over time it is the intention to cascade this system further throughout the organization in coordinated manner.

While the PMS Framework and structures are in place, it must be noted that performance management is still not effectively applied. Emphasis is always placed on the final review, and very little emphases is placed on the mentoring, coaching and first review. As a system, it will only truly operate effectively when it is applied correctly and holistically and this must become our prime focus moving forward.

All the institutional level performance reporting is much improved and compliance with prescribed reporting does occur in most instances. That being said it is acknowledged that in a number of areas compliance reporting does not occur at the required standard. With SDBIP reporting it is critical that all departments provide required input. Similarly with the s72 reports, while the financial reporting is conducted obtaining the non-financial information remains a huge challenge. A concerted effort must be made to ensure that these reports are treated as priority and that all appropriate information is collected timeously by all departments in order to facilitate the required level of compliance.

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As a general criticism and area for improvement it is recognized that greater effort is to be placed on ensuring that targets and objectives within the IDP, SDBIPS and scorecards are developed according to the SMART principles (i.e. Specific, Measureable, Achievable, Realistic and Time Bound).

Additionally, we have some way to go in order to ensure that we have an accurate base data against which to measure progress (especially in respect of backlogs in service delivery). In some instances this is directly due to deficiencies in infrastructure to facilitate measurement and control.

Organizational Structure

As required the organisational structure has been successfully reviewed and approved and Job Descriptions written (according to the TASK system of Job Evaluation) no job descriptions have been developed for all new positions created.

It is noted that the greatest challenge remains the ability to attract and retain the required levels of skill. Due to the geographical location and inability at times to compete adequately with remuneration packages provided by competitors in the industry, every effort must be made to develop and implement an approved Staff Retention Strategy in order to minimize shortages caused by scarce skills and skills shortages.

Public Participation

The Community Participation Plan had been developed and in terms of this, every effort was made to ensure adequate implementation.

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In terms of the IDP Process Plan and planned mayoral outreach meetings and programmes in the broadest sense, greater success has been achieved in respect of gaining public participation and support. This being said it is also acknowledged that this is an area that requires ongoing effort. Initiatives were experienced in terms of a number of interventions which are reflected on further as follows:

Mayoral Imbizo's

As an extension of the IDP Process Plan, meetings were held in all Wards and these were used to receive and to provide information and feedback to the public regarding Budget and IDP issues. This information was then fed back through the relevant Standing Committees to Council for further action.

Information obtained in this manner was used to provide input into the SDBIP's and Budget.

Public Hearings

Public hearings were held in all Wards within various sector departments. In particular, the emphasis remained on the IDP and Budget issues. Imbizo's are traditionally a challenge, made greater due to the geographical spread of the population, transport issues and the difficulties of attendance caused by poverty and financial constraints. Ongoing effort and support will continue within these areas.

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Ward Committees

Ward Committees were established in all wards. Ongoing training has occurred in an effort to increase the efficiency and effectiveness of functioning within this area. Ward Committee training for the new council will be required in order to ensure that all parties are familiar with due process and the required administrative protocols.

Meeting attendance remains a challenge and this is mostly attributed to the geographical terrain as already indicated. Suitable vehicles for transportation are required to facilitate this process.

Community Development Worker's Performance Monitoring

Community Development Workers have been deployed by the Department of Local Government and Traditional Affairs in order to engage within community development functions within all Wards.

It is noted that the municipality continues to experience difficulties with the monitoring and coordination of Community Development Workers activities, as they are required to report directly to Province. This arrangement results in the CDW's not being available or directly accountable to the municipality, which makes performance management a real challenge. This in turn affects goal setting and performance management in relation to this. This issue is to be raised and further addressed in the new financial year.

Internal and External Communication

The Communications Strategy has been well applied especially at the time when there was a dedicated Communications Manager to drive these initiatives and processes. As a direct result a number of areas became more functional with e-mail facilities being created, and staff being encouraged to meet regularly and to follow all communication lines. The external processes involved radio, the local newspapers, and public events. The vacation of this position after the resignation of the Communications Manager has left a huge void and attempts are still being made to attempt to fill this post.

The Communications Manager sought to ensure that all communication required activities were directed and facilitated appropriately, and that internal support structures were created to facilitate quick and easy communication.

The electronic communications system and the electronic document management systems have been well achieved and maintained. Website Maintenance continues to be a challenge

and requires improvement.

Intergovernmental Relations

Every effort is made to promote and to improve intergovernmental relations. Annually the IGR meeting dates are circulated during January in order to facilitate meeting attendance.

Whilst meetings are scheduled, the real challenge is to ensure adequate attendance by some departments within the IGR forum. Efforts through the Office of the Premier continue in order to facilitate the required commitment towards attending IGR activities and forums.

Special Programmes (Youth, Disabled, Gender, Children, Elderly, HIV & AIDS)

The appointment of the HIV/Aids Coordinator (through CHDM) has facilitated the implementation of all HIV/Aids related programmes. This appointment was also motivated by the need to develop reliable information regarding related statistics and HIV/Aids data. Focus currently is on educational awareness regarding this pandemic. As a point of success it is noted that 75% of the staff members now know their HVI/Aids status.

Special programmes in respect of the disabled, youth, gender and children are to receive attention in 2011/2012.

Policies, procedures and by-laws

While organizational policies and procedures were audited and identified, policies were reviewed and updated as required and it must be noted that the Delegations Framework has not yet been developed although work was done to obtain input via workshops. Although By-laws were developed and promulgated previously, these have not been reviewed in the current year. These will be addressed after public input and increased capacity to manage these.

Capacitation of Staff and Employment Equity

Sakhisizwe Municipality has successfully applied training interventions as per the WSP. Training within all areas has occurred according to targets and planning.

The functioning of training committees and the roll-out of employment equity remains a

challenge. The Training Committee meetings are not occurring regularly, and employment equity targets have not been well achieved – primarily due to the scarcity of skills and challenges relating to staff retention.

Indigent Management

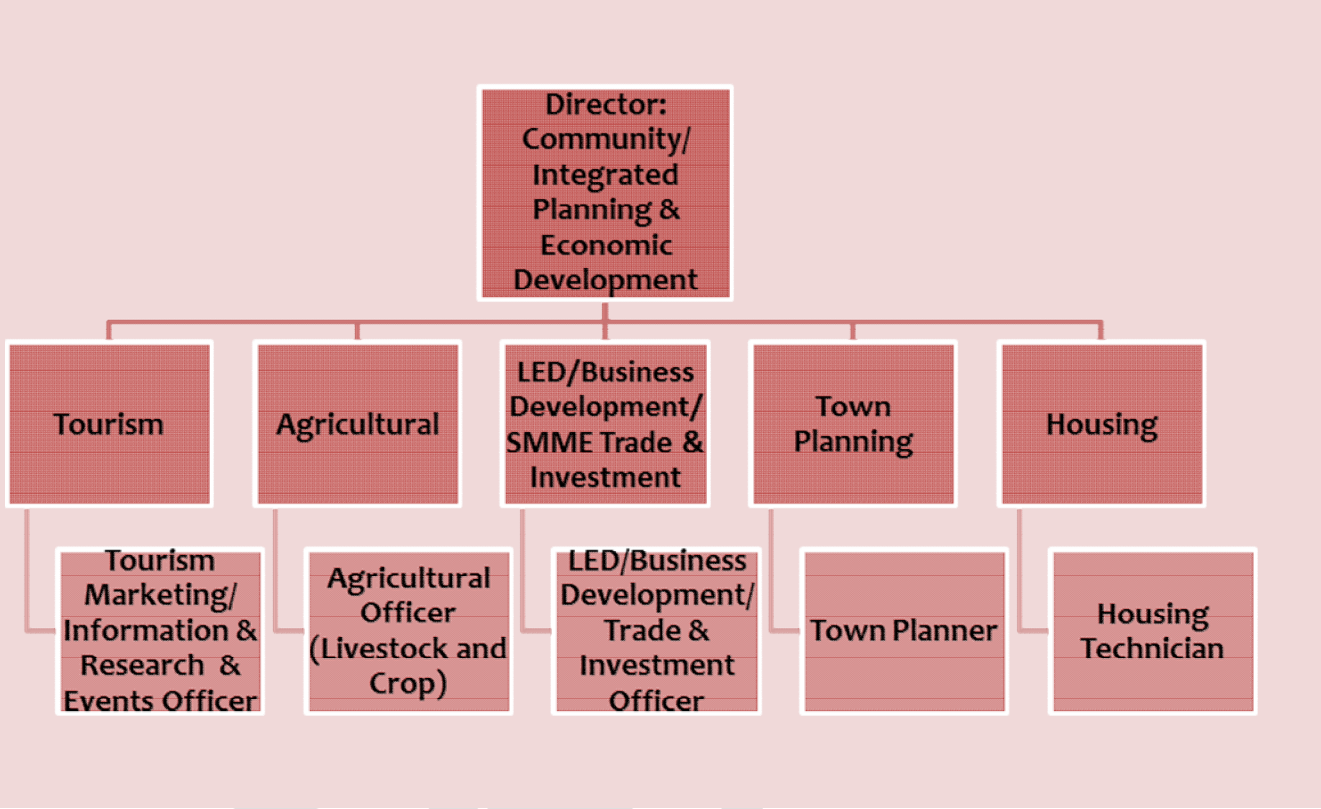
Indigent Management is effectively occurring. The Indigent Policy is in place and the Indigent Roll-out Plan completed. While an updated Indigent Register has been obtained the challenge on-going will be to ensure that it remains reflective of persons who fall within the required criteria.

Housing Provision

Due to the absence of a Housing Sector Plan and slow progress in this regard, the Department of Human Settlements Affairs has appointed a service provider to assist in the facilitation of Housing Applications within the approved Cala and Elliot Housing Projects Progress has however been evident in the 2010/2011 Financial year .

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6.2. COMMUNITY / IPED DEPARTMENT



COMMUNITY/ IPED MANAGER: N SALENI

Note: ***The IPED Manager has been responsible for both IPED and Community Services in the absence of the Community Services Manger and this is now referred to as the Community/IPED Department. The appointment of the Assistant Community Services Manager has facilitated the management of much of the community services functions.***

FUNCTIONAL RESPONSIBILITIES FOR COMMUNITY/IPED DEPARTMENT

- Local Economic Development
- Housing
- Town Planning and Land Use Management
- Agricultural and rural development (Livestock and Crop)

- Tourism
- Libraries
- Traffic Management: Law enforcement and eNatis
- Waste/refuse management
- Parks & Public Open Space (Commonages/Pounds)
- Sportsfields, Halls and Recreation
- Cemeteries
- Primary Health Care and Environmental Services

DEPARTMENTAL OBJECTIVES 2010/2011

- Safety and security and crime awareness campaigns
- Local Economic Development
- Agriculture (Livestock and crop)
- Tourism Development
- Community Skills Audit and Skills enhancement
- Effective management of all matters relating to offensive trades
- Management of all cleansing and refuse removal activities
- Establishment and maintenance of all cemeteries as per legislative requirements
- Maintenance and establishment of social and recreational facilities
- Maintenance of Public Open Spaces , libraries and halls
- Facilitate communities having access to adequate houses;
- Reduce service delivery backlogs;
- Town Planning (including land use management and building inspections)
- Development and implementation of departmental SDBIP
- Public Participation

PERFORMANCE REPORTING AND CHALLENGES 2010/2011

Each area will be detailed more specifically in terms of actual performance and challenges:

Housing

It is to be noted that the intended target for 2010/2011 is to reduce housing backlogs by 80% through the implementation of the Housing Plan.

It must be noted that Sakhisizwe Municipality was not a developer on housing within each housing project. The Department of Housing functions as the developer and the municipality is required to provide the land for each project development. Low cost housing remains in high demand and as a result an extremely high shortage exists.

- Housing was to be addressed through the implementation of the approved Housing Plan.

- One significant Housing Project began in 2003, and to date 1015 houses have been completed. It is noted that there appears to be a difference in the statistics reported and the number of houses varies from 1000 in 2009/2010 to 1015 in 2010/2011. Difficulties and changes in contractors have left many of these constructed houses

unfinished. These houses were in turn completed by the sub-contractor under the management of the Department of Human Settlements and the Sakhisizwe Local Municipality.

- Completion of this project has in turn created a number of additional challenges. When "handing over" these houses to the potential tenants, many of those on the original lists were seen to have moved. In an effort to prevent the vandalization of empty houses, temporary allocations were made as result. It is noted that in the event of a "no show" for the original beneficiary, after a period of 10 years, a permanent allocation will be made.
- RDP houses were constructed in Elliot and in Cala, although the required targets were well under achieved;
- The approval and identification of new residential sites has been achieved (over target) and this will alleviate some of the shortages experienced in availability of residential sites;
- Submissions have been made to the Department of Human settlement's to apply for additional Housing sites;
- The Housing Sector Plan has not been achieved and approved; but it is noted that no appointment of a contract service provider has been made to manage these Housing issues and plans.

Ongoing challenges relate to:

- Monthly updating of the Housing Data Base;
- The allocation of beneficiaries (no baseline statistics being available)
- The lack of financial resources;
- The need to align future Housing Projects to community needs, and
- Statistical data and reporting

Building and Town Planning Provision

The DBSA appointed Town Planner has proved to be invaluable in providing the required assistance to ensure that building plans are approved timeously and effectively.

By-laws although not reviewed, are available but remain a huge challenge in terms of enforcement.

In this instance a lack of internal capacity would seem to have impacted negatively on the ability to function within this area.

Spatial Planning

It is noted that the SDF was developed and approved for Sakhisizwe Municipality by Umhlaba Consultants. The intention was to address the limitations found in the 2006 SDF.

Additionally it is noted that it is the intention to review the SDF for both Cala and Elliot and in so doing this document will highlight the key spatial issues, objectives and strategies to develop the SDF in accordance with applicable legislation.

The intention of an SDF is to plan for a "future sustainable vision" in which poverty is alleviated and economic growth is promoted.

Extreme challenges to these targets are:

- The lack of funding (no Town Planning Budget)
- Non-compliance of citizens to Town Planning legislation and procedures;
- No proper storm drainage systems;
- Non-registration of property ownership.

In an effort to minimize these challenges the following activities are to be undertaken:

- Review of the SDF
- Development of a Land Use Management System
- Local Municipality to take ownership of environmental management plans; and waste management;
- Enforcement of Land Use Planning legislations and procedures; and
- The conducting of a land audit.

Local Economic Development & Tourism

A number of successes in respect of LED have been achieved and will be discussed in terms of projects.

- However it must be noted that the LED Strategy remains a challenge. While the strategy is in existence, this has not been updated and reviewed as required. While funding was obtained to complete the Strategy Review from Thina Sinako (for the LED and SMME projects) this was not achieved which is unfortunate as the output of the project would address the institutional arrangements in the LED unit;

- The SMME Grouping Database was not achieved due to the lack of funding and the issue of funding is to be resolved moving forward;
- The Community Skills Audit was not completed and very little progress was made in this area;
- No Tourism Sector Plan is in place. No information relating to tourism was provided. Notwithstanding, it would seem that the tourism projects (as per the Tourism Sector Plan) and the process of grading and registering establishments occurred at an extremely minimal level;
- Safety and Security and Crime Prevention Campaigns are not being effected;
- One projects aimed at facilitating and providing employment opportunities are is proceeding well. The Charcoal project is funded by DEDEA and DEAT. This project has achieved a high level of success with 32 persons having been appointed in a temporary capacity. This aspect is funded by CHDM.

As before, it is acknowledged that a lack of human resource capacity within this area plays a major contributing role; and efforts to capacitate and appoint suitably qualified and experienced staff must be considered.

Libraries

It is recognized that the objectives of library provision are to provide reading and study material amongst the youth and for the community.

The Service Level Agreement has been signed and two Libraries are currently in existence (one in Elliot and one in Cala). The Department of Sports, Arts and Culture is providing funding for two Interns.

Library Forum meetings are not occurring as required quarterly, statistics are however being provided together with quarterly reports to management.

Two Librarians and Library Assistants are required to provide the following services:

- Library infrastructure provision
- Purchase of library materials
- Sourcing books from the book fare
- Promotion and participation in the library week activities, and
- Promotion of libraries within rural areas

Community Halls and Recreational Facilities

Currently the priority has been the establishment of recreational facilities and the intention to make some impact in the areas of halls, parks and sports facilities.

Some of the greatest challenges impeding progress relate to the shortage of staff and limited financial resources allocated to this area.

Notwithstanding, maintenance work has been achieved for halls and recreational areas in terms of the approved maintenance plans. Efforts are to be made to secure adequate funding and sponsorship moving forward and appropriate business plans is to be developed in this regard.

Public Open Spaces and Parks

In an effort to resolve the many challenges to be had within this area of service delivery, the municipality has been able to secure funding from DEAT for the upgrade of parks and open spaces.

The Sakhisizwe Greening Project has employed 72 people (majority women and youth) and will be run over 2 years. Additionally approximately 30 temporary staff has been appointed for a period of 3 months in order to clean the units while engaging in grass-cutting, mowing of open spaces and the like ,refuse removal . Progress and the focus of progress in as sustainable manner are required.

Cemeteries

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Cemeteries currently remain a huge challenge. No dedicated personnel are formally engaged for this purpose, other than temporary participants (whom form part of the 30 temporary participants appointed) and these cemetery sites are required to be attended to. The temporary grass cutters are used to provide a service as and when feasible.

In an effort to remedy this situation, both cemetery sites in the urban areas have been registered with MIG and it is hoped that recommended projects will be attended to. As with MIG allocated projects regular reporting was and has been provided.

It is required that monthly progress reports are provided. While these reports are to some degree provided, it is to be noted that effective maintenance is also affected by extreme conditions such as winter, snow and frost.

Control of burials is not according to required standard. Although a Burial Register was developed this is not effectively updated and maintained. As a result illegal burials do occur.

While the overall function of the Cemetery Division is to provide and control burials within the framework of the Health Act, adequate cemetery provision is also required. Accordingly policy such as the Pauper Burial Policy is developed and adopted by Council, land is acquired from the Department of Land Affairs, and By-laws for Council Resolution are developed and approved, thereby ensuring adequate infrastructure provision.

Sporting Facilities

Sportsfield Maintenance is only applied in as far as funding availability. Efforts are continuously made to lobby for additional funding and therefore additional work in this area.

Commonages/Pounds

Many challenges are apparent in respect of commonages/pounds. There are currently commonages behind Ext 8 to 12 in Cala and these pose management challenges.

Two formalized municipal pounds exist and are located in Cala and Elliot. These function at a very basic level and require extensive upgrading especially in terms of fencing and the ongoing related maintenance. This is particularly challenging due to the rural nature of this environment, the incidence of fencing theft and the financial constraints.

No funding from the Department of Agriculture has been received, notwithstanding attempts to obtain funding. High incidences of stray and roaming animals are experienced. Currently an arrangement exists that all strays are taken by designated Department of Roads staff and are transported to Queenstown where they are impounded for future collection. Revenue is created in this manner for another local municipality and the offenders from Sakhisizwe Municipal area are not only faced with the cost of the pound fees / fines but the cost of transporting their animal back to their community area.

It has been recommended through meetings with both the Department of Transport and the Department that the pounds at Cala and Elliot be utilized for stray animals in this area.

This would not only serve the community better but would also ensure that any financial gain as a result of pound fees / fines collected would be channelled through Sakhisizwe Municipality.

Rangers have been appointed to make sure that stray animals are removed from the towns and the Municipality is in the processes of establishing a commonage register that will ensure effective management of the municipal commonages.

Furthermore:

- Commonages were fenced as per maintenance plans and it was required that farms and suitable lands be procured for commonage users as these commonages are over grazed.
- Pound masters and rangers were appointed to facilitate the commonage maintenance process.

Waste Management: Solid Waste Section

- Waste Management challenges are many and varied. Refuse removal is only collected within the CBD area and within town. Due to staff shortages refuse is not collected in the locations.
- Due to staffing and capital shortages refuse is not regularly removed;
- Within the Elliot locations, attempts are made to collect refuse during weekends and these attempts are not very successful, leaving collections incomplete.
- Assistance is clearly required in order to facilitate the purchase of required plant for the solid waste site.
- The majority of households utilize their own refuse dump for solid waste disposal and the local authority serves Masibambane, Elliot and parts of Cala. The solid waste sites remain in a bad way and do not meet current standards.
- Two solid waste sites (Elliot and Cala) are not registered and this is not legally acceptable.

Despite these extreme challenges it is noted that refuse collection has improved and 30 temporary staff were engaged to enhance human capacity. This provided an extension of this service to: Masibambane, Old Location and Polar Park in Elliot. In Cala area the collection has improved In the CBD.
Efforts are continuously underway to lobby for MIG funding to address these sites and to develop and implement the Waste Management Plan

Health (Clinic) Section

This service was only rendered for two quarters and was transferred / handed over to the province in January 2010.

The function is for the provision of community health clinics within the Municipality This function was performed or only two quarters and was transferred / handed back to the province (provincialisation) at the end of December as follows:

This section is responsible for the provision of Clinic Services. During this period the

municipality was in possession of 3 clinics that fell under its jurisdiction and the municipality functions as an agent of the Department of Health. Shortly three staff will be absorbed within the municipality staff compliment.

- As such in-service training is provided to staff in respect of
  - Reporting daily activities
  - Monthly reports/statistics
  - Quarterly reports
- Ensuring optimal primary health for all citizens;
- Investing in the training of staff in order to ensure development of skills and thereby contributing towards quality in-service delivery;
- Regular HIV/Aids forum meetings;
- Training of HIV/Aids peer educators;
- Water quality monitoring programme by the CHDM and the provision of related reports; and
- Inspection of business premises to ensure food preparation is done within the parameters of health requirements. This is currently completed by the Municipal Health division of CHDM Municipality and reports provided as required.

The following table shows the infrastructure currently in place within Sakhisizwe Municipality

*Clinics	Mobiles	Hospitals
Elliot Main Clinic	1 District Mobile (CHDM)	Cala
Beestekraal	Elliot mobile (Gubenxa & Mhlwazi) 2	Elliot
Tsengiwe	Cala Mobile (2 mobile vehicles) with 37 stopping stations	
Upper Lafuta		
Ncedolwethu		
Sifondile		
Askeaton		
Temheihle		
Nyalasa		

*Sakhisizwe LSA with 24 villages covered by serviced clinics

Area covered by Mobile Vehicles

1. Sweetlline – Sigangeni
2. Quba – Zikhonkwane
3. Ndyavu – Ndum-Ndum
4. Mnxe X 2
5. Mbenge, Mmangeni, Ngxingo
6. Roma, Siphanfeni – New Rest
7. Lower Cala x2
8. Macangceni, Chibini – Xonya
9. Upper Mnxe – Rareni
10. Cala Pass & taleni – Lnaganci & Centre

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11. Mtingwevu X 2
12. Upper Indwana – Gubenxa
13. Pindela, Botha Rarms – Tiwane Pelendaba
14. Mhlwazi – Pre schools
15. Qiti – Lahlangubo
16. Ncalweni – Pre schools

During 2009/2010 Sakhisizwe Municipality had a ratio of one clinic per 6 752 people. According to national norms this meant that Sakhisizwe had more clinics than is recommended (a norm of 1 to 10 000 is accepted as standard). When taking into account the rural distribution of the population and the spread of health facilities throughout the area to meet the needs of these communities it is understood that the nature of the geographical spread would justify this.

While the above health facilities might well exist throughout the Sakhisizwe Municipality, the infrastructure serving the facilities (water, sanitation, electricity etc.) are very often well below optimum.

Ideally, according to the findings published in the Eastern Cape Department of Health's Strategic Position Statement (3) 27.5% of clinics in the Eastern Cape do not have water borne toilets, 39% do not have access to safe water and 18% do not have electricity.

Clearly the high rates of unemployment and poverty in the Municipal area have affected and placed pressure on the current health facilities. There is a strong correlation between poverty and disease such as TB, malnutrition, pneumonia, diarrhoea, gastrointestinal etcetera. It is also important to note the HIV/AIDS will put more pressure and demand on health and social services. The national Antenatal HIV Survey 4 reported that in 1999, 450 000 people in the Eastern Cape Province were infected with HIV. It went on to state that it projects that 160 000 people would have died of AIDS in the province by the year 2009. This will place even further pressure on the present medical facilities.

During March 2011 the Public Health function has formally moved over to the Provincial Department of Health.

HIV/Aids Mainstreaming

Through the CHDM, the municipality has appointed an HIV/Aids Coordinator. This will allow the ability to obtain more reliable data. The HIV/Aids Strategy has been approved by Council. In efforts to revive and ensure success of this strategy councillors were workshopped on this plan. The HIV/AIDS Council is in the process of being revived within all Wards (through training and participation initiatives) in order to ensure the successful implementation of these projects. With the focus on educational awareness 75% of staff now knows their HIV/Aids status.

Disaster Management

The Municipality does not have a Disaster Management Policy Framework. Currently the Municipality is making use of the Chris Hani Disaster Management Framework. There is therefore a need for the Municipality to develop its own framework.

There is not currently an integrated approach to disaster management, and funding challenges remain and prevent targets from being achieved. Municipal representatives have been chosen to sit on the Disaster Management Forums as this is a District competency and this occurs as required.

Traffic (eNaTIS, testing and law enforcement)

As indicated in 2009/2010, many challenges exist and reporting was almost non-existent. Challenges relate to infrastructure provision, staff shortages and the training of staff on e-NATIS and in the testing station in terms of management and control.

The **status quo** in respect of functioning of the Traffic section stands from 2008/2009 and great deficiencies in the functioning and reporting within this area remain and are to be addressed.

One area that received attention was the lack of office space in order to perform and function effectively. Accordingly 90% of construction has been completed and arranged for better monitoring and control. The traffic services are required to conduct testing for learners and drivers licences and to then manage all related records while processing on the e-Natis system. While reports are generated to the Department of Transport their validity is seriously questioned as staff are unable to draw reports or provide any information on related statistics.

From both the e-Natis and the testing / law enforcement side operations are not effective and are unable to be verified. Document management and controls within this area are extremely poorly handled and this raises huge concerns especially in respect of legislative compliance issues, policies and procedures. Strict control measures are required to be put into place to ensure that this section functions in a competent manner and is able to provide required services.

Community Services: Statistics on Facilities

Facility	No of Facilities	No. of Users	No. of Employees	Cost R(000)
Library Services	2	530	2	330
Museums and Art Galleries	0	0	0	0
Other Community Halls /facilities	10	3000	10	803

Facility	No of Facilities	No. of Users	No. of Employees	Cost R(000)
Cemeteries and Crematoriums	6	102 000	4	280
Child-Care (including crèches)	178	5 000	0	0
Schools	119	17 850	0	0
Sporting Facilities	3	102 000	3	197
Parks	500	60 000	1	-

IDP PROJECTS

IDP PROJECTS 2009/2010	AREA	FUNDER	AMOUNT	STATUS	EXPENDITURE 2010/2011	STATUS
Maxongo's Hoek	Ward 2	MIG	R2,5m	Implementation Stage		
Masibambane	Ward 2	MIG	R2m	Implementation Stage		
Lower Cala-Lapesini	Ward 4	MIG	R3m	Implementation Stage		
Tractors for ploughing the fields	Elliot Unit & Cala Unit	SM	R3m	Planning		
Cala Abattoir Completion	Ward 5	CHDM	R1m	Planning		
Sakhisizwe Greening	Ward 5 & Ward 2	DEAT	R7m	Implementation Stage		
Electrification of Cala Extension	Ward 4 & 3	Eskom	R18m	Planning		
Electrification of Takalani	Ward 1	DME	R6m	Planning		
Dipping Tanks	Ward 1 – 7	CHDM	R1,5m	Planning		
Taxi Rank	Ward 5	MIG	R1m	Planning		
Hawker Stalls	Ward 1 – 5	MIG	R2m	Planning		

Project Number	Project	Consultant	Amount	Status
MIG/CS/EC/7541/09/10	Construction Ward 5 Community Hall	SDM Consulting	R 104 469.41	Business Plan
MIG/CS/EC/7675/09/10	Construction Ward 6 Community Hall	SDM Consulting	R 53 100.41	Business Plan
MIG/CS/EC/7676/09/10	Construction Ward 7 Community Hall	SDM Consulting	R 53 100.41	

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CONSULTANTS MIG PROJECTS REPORT 2010/2011 FY (Cont.)					
PROJECT NUMBER	**PROJECT NAME**	**CONTRACTOR**	**AMOUNT PAID**	**REASON**	**COMMENT**
MIG/CS/EC/7675/09/10	Construction Ward 6 Community Hall	SDM Consulting	R 53 100.41	Business Plan	Professional Fees
MIG/CS/EC/7676/09/10	Construction Ward 7 Community Hall	SDM Consulting	R 53 100.41		Professional Fees
TOTAL AMOUNT			**R 2 104 841.62**		

FUTURE PROJECTS - MIG CAPITAL PROJECTS FOR THE 2011/2012

PROJECT NAME	PROJECT NO	WARD NO	AMOUNT	FUNDER	PROJECT STATUS
Elliot Landfill Site Transfer Station	MIG/CS/EC/0131/98/99	2	R 1 404 074.40	MIG	Environmental impact assessment stage
Cala landfill Site	MIG/CS/EC/7678/08/10		R 2 282 189.60	MIG	Environmental impact assessment stage
Elliot Old Location Cemeteries	MIG/CS/EC/7189/09/10	2	R 890 000.00	MIG	Tender stage awaiting contractor award
Elliot Old Location Community Hall	MIG/CS/EC/5084/08/09	2	R 2000 000.00	MIG	Tender stage awaiting contractor award
Cala Ndondo Square Community Hall	MIG/CS/EC/7541/09/10	5	R 2000 000.00	MIG	Tender stage awaiting contractor award

MUNICIPALITY:SAKHISIZWE LM						
FUTURE MIG PROJECTS AND FUNDING PROJECTION 2011/2012						
WARD NAME/ VILLAGE	**PROJECT NUMBER**	**PROJECT NAME**	**PROJECT STATUS**	**PROJECT DURATION**	**TOTALS**	**EMPLOYMENT TO BE CREATED**
Ward 5	MIG/CS/EC/7678/08/10	Establishment of Cala Landfill Waste	Design & Tender	6 Months	**2 832 187.54**	50
Ward 2	MIG/C/EC/0131/SW/98/99	Elliot: Solid Waste Disposal Site	Design & Tender	3 Months	**1 697 000.00**	20
Ward 2	MIG/CS/EC/7189/09/10	Upgrading of Old Location Cemeteries	Design & Tender	4 Months	**899 017.68**	20
Ward 5	MIG/CS/EC/7541/09/10	Construction of Ward 5 Community Hall	Design & Tender	5 Months	**4 232 942.04**	30
Ward 2	MIG/CS/EC/7542/09/10	Old Township Community Hall Ward 2	Design & Tender	5 MONTHS	**1 825 140.00**	30

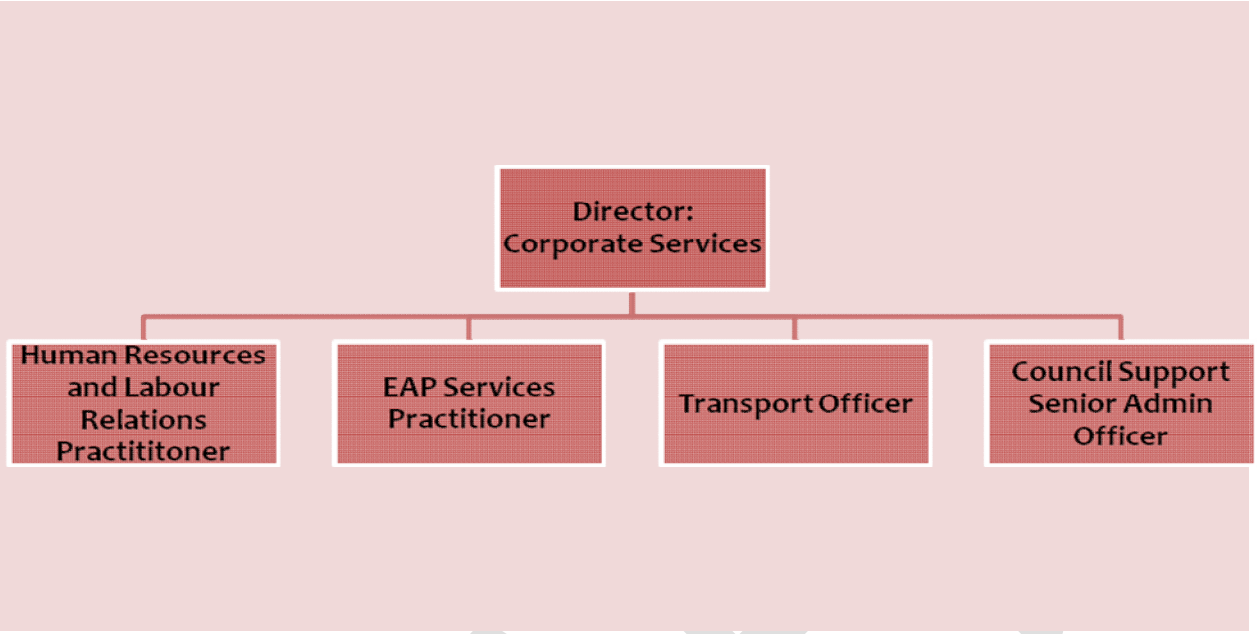
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DISCLAIMER:

It must be noted that the information provided by this department is questioned in terms of its accuracy. As already stated, information control and management (record keeping is an area of deficiency) and this has an unavoidable impact on all data and statistics contained within this report.

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6.3 CORPORATE SERVICES DEPARTMENT



Corporate Services Manager: Ms N Mazwayi

FUNCTIONAL RESPONSIBILITIES

- Human Resources (Benefit Administration; Recruitment & Selection; Organisational Development and Structure; Staff Provisioning; Employment Equity; Employee Assistance Programmes; Policy Development and Compliance Management;
- Labour / Employee Relations (ensuring effective application of LR Policy and Practices);
- Occupational Health and Safety (ensuring compliance with Occupational Health and Safety Act, Act no. 85 of 1993);
- Skills Development and Employment Equity Act (ensuring compliance with both pieces of legislation);
- Council Support and Administration; and
- Transport Management.

DEPARTMENTAL OBJECTIVES 2010/2011

- Develop and review HR Policies and Procedures;
- Conduct / update Skills Audit and Needs Analysis;
- Development and implementation of the WSP;
- Legal support and compliance management (By-laws, Policy Management, contract management and legislative compliance);
- Occupational Health and Safety;
- Application of Employee Assistance Programmes
- Council administrative support;
- Knowledge management administrative support;

- Human resource development and management support;
- Performance Management System support;
- Employment Equity support and application;
- Leave Auditing; and
- Organisational Restructuring.
- **Development and implementation of departmental SDBIP**

PERFORMANCE REPORTING & CHALLENGES FOR 2009/2010

Progress and challenges within each of these areas will be discussed within the report that follows:

Human Resources

- Record keeping remains a focus area within this section. It is acknowledged that the Personnel files have been audited and are being updated monthly as required. In particular an external group of consultants were employed to audit the leave and to ensure that these figures are accurately maintained. It is acknowledged that the real test will be the sustainability of these levels of accuracy and the ability of the organization to maintain these themselves;
- The Corporate Services Department has created an enabling environment that has provided recruitment administrative support for all internal job creation projects. Within the Community/IPED Department 30 temporary employees have been appointed for three months in order to clean these units (street sweeping, grass cutting and the like);
- The filling of critical vacant posts remains a challenge. The geographical spread, the size of the municipality and the remuneration packages offered have all contributed negatively towards the ability of Sakhisizwe Municipality to attract and retain required staff.
- All recruitment and selection is strictly conducted with adherence to the provisioning policy.
- The organogram has undergone its annual review and this had been modified to suit functional needs. This has been approved by Council. Updated and new job descriptions (according to the TASK Job Evaluation System) have been developed for all new posts;
- In an effort to facilitate staff retention all new employees were required to attend an Induction Programme. To date this has not been provided – to our detriment.
- Regular reporting on expenditure takes place to ensure no over or under expenditure
- All Human Resources Policies have been identified, reviewed and updated as required. In order to ensure effective application of these policies it is imperative that the required training and development is conducted for all staff that are required to implement these.
- Record keeping in respect of controls, contracts of employment, overtime, leave statistics and the like remain a challenge.
- The leave (was again audited and control has improved however the leave policy and procedure has not being implemented and this must be remedied to ensure control
- Leave data and accuracy and record keeping is an area of huge concern and must be addressed through issues of compliance.
- The HR Strategy has not yet been approved and it is required that this be considered as an area of focus moving forward in order to ensure consolidation and focus of the HR function.

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- Four (4) interns were appointed within the Budget and Treasury division;
- The intention during 2009/2010 Financial was through the SEBATA system, to manage the leave electronically. Unfortunately although the leave policy and procedure has been adopted and workshopped to staff and unions, it must be acknowledged that this policy is not being effectively applied. Efforts to enhance and build required capacity and to ensure compliance are underway;
- The Payroll is required to be pre-numbered in terms of instructions and overtime and leave data is to be verified in respect of this.

  Steps are required to be taken to enforce implementation and compliance in so far as this is possible I all identified areas.

Labour/Employee Relations

Concerted efforts have been made to foster a culture of positive employee relations and in this regard it is to be noted that:

- Departments and staff are encouraged to meet formally and to communicate more fully and effectively. This is not well achieved and compliance must occur;
- Despite efforts the LLF is not fully functional, and meetings are not held regularly (quarterly) due to strikes and lack of quorum. (4 out of 5 meetings were held);
- Legal matters are all handled in-house and no external legal counsel is obtained (as with cases relating to the CCMA or contracts). It is however acknowledged that staff require huge capacitation interventions (especially HR staff), in order to equip them with the skills that they need to be able to handle discipline effectively (both internally and in external cases); and
- It is acknowledged that staff do not always follow policies and procedures to ensure LR/compliance.

  Moving forward every effort must be made to ensure that this receives focus and ongoing support to ensure that these situations are handled more effectively.

Skills Development and Employment Equity

This area was very successfully achieved and the following issues in particular are noted:

- The Workplace Skills Plan was developed and approved for 2010/2011;
- Training Committee Meetings are not fully functional and are not being held quarterly;
- As required, training was arranged and conducted in keeping with the WSP and accordingly this was reported on within the Implementation plans that were submitted to the LG SETA in June and September;
- Training was conducted for employees and Councillors alike;
- The Employment Equity Report and the Employment Equity Plan were compiled and submitted to the Employment Equity Registry by 1 October 2010.
- The Employment Equity Committee forms part of the LLF (together with the Training Committee) and they sit to debate and rule on issues relating to EE, although this does not occur as regularly as required (strikes / lack of quorum);
- The target of achieving 90% compliance with the Employment Equity Plan in the 3 highest

levels of management has been achieved;
- Training and efforts to capacitate staff still remain a challenge due to the high illiteracy rate amongst staff, which in turn makes training a greater challenge; and
- Specific training was provided to identify line managers to facilitate the process of managing disciplinary enquiries. Additional training is required.

Overall, Skills Development and Employment Equity were very well achieved, although efforts are always required to improve on the manner in which capacity is heightened and the manner in which Employment Equity is managed.

General Administration and Council Support

Although successes have been achieved within this area, it must be noted that a number of areas require direct focus. These are reflected on as follows:

- The schedule of Council and Committee meetings is developed annually and the logistics of each meeting were arranged as required.
- At times, some of these meetings were required to be re-scheduled and in these instances the required level of support was provided;
- In the absence of the Committee Clerk / post being vacant, both the Corporate Services Manager and the HR Officer were utilized to provide the required support;
- The greatest criticism is leveled against the quality of reporting. Council resolutions in particular, are written very ambiguously and there appears to be very poor quality control of Council minutes/agendae. This is an area that is required to be managed more effectively and relevant staffs are to be capacitated in order to ensure that these targets are met.
- Minutes and agenda are not always distributed within 7 days of the meeting to be attended.
- Council resolutions are not formally followed up to ensure that they are applied. This in an issue that needs to be addressed moving forward and it is suggested that a Resolutions Register be developed with formal management of the implementation of these resolutions in order to ensure that these are implemented timeously;
- The Document Management System has still not been reviewed/updated and it is required that preparations be made to invite tenders to resolve this. Failure to implement an effective document management system is severely retarding the ability of the institution to manage its institutional memory and must be dealt with as a matter of urgency.
- Submissions of Departmental information into the Annual Report are not provided timeously and the accuracy of data is often questioned;
- Departmental inventory lists are being maintained monthly and updates are immediately entered as and when new assets are acquired;
- Telephone usage is being effectively managed in an effort to reduce operating costs;
- Expenditure reporting on operational and capital budgets is well reported;
- The Audit Action plan and Implementation Reporting has not been conducted formally as required in order to ensure that issues that needed to be addressed were handled as required/reported on;
- Departmental By-laws have not been reviewed and updated as required;
- Unfortunately, reporting to the internal and external auditors has been poorly

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conducted in respect of the Risk Review Report. Compliance must be effected in this area; and
- Employment contracts are not being reviewed, prepared and signed timeously.

Occupational Health and Safety

This represents an area where the progress made during the previous financial year has been "lost". Accordingly it is noted that:

- No regular monthly Safety Meetings are being held;
- No structured minutes of meetings that are being kept; and
- Required quarterly reporting is not occurring in the manner required.

Remedial action and forced compliance is required as a matter of urgency, especially when considering the legal implications on non-compliance.

Performance Management (Managed by the Municipal Manager's Office with assistance from Corporate Services)

It is recognized that deficiencies in the application of the Performance Management System existed, and this is especially evidenced by the failure to apply all aspects of the performance management cycle.

Currently this system is only applicable to the level of s57 managers and they have failed to apply this system consistently throughout the year – focusing only on the final review. Clearly this is to be formally addressed and compliance is to be achieved in the new financial year.

Monthly reports regarding the Departmental SDBIP and half yearly and annual departmental reports are not provided timeously as per legislation.

- While PMS Reports are also not being provided and so too quarterly SDBIP reports; the quality of data is questioned;
- Overall it is imperative that indicators reflected both in the SDBIP's and the performance scorecards are rewritten in order to conform to SMART principles;
- No Personal Development Plans have been concluded and this represents another aspect of the PMS system that is not being applied.

Performance Management and its application requires much greater focus and will require that all staff (to whom this is applicable) are adequately trained and monitored in terms of compliance.

Corporate Governance

- Review of By-Laws – this was not achieved as required.
- Establishment of the Internal Audit Committee – while established this is not functioning effectively;
- Identified HR Policies were reviewed and updated as required. These included: HR

Provisioning; Retention Strategies; EE Policy; HR Development; Performance Management and identified others;

- The Internal Audit Committee has not been established and a shared audit functional arrangement exists with Lukhanji Municipality which is working well and meetings are occurring regularly. An Internal Auditor has been appointed during this time in order to drive this process internally;
- Capacity and funding constraints remain an issue ongoing.

Transport / Fleet Management

Municipal vehicle provision and ensuring that these are well-maintained and roadworthy (to facilitate effective service delivery) is required to be managed by Corporate Services.

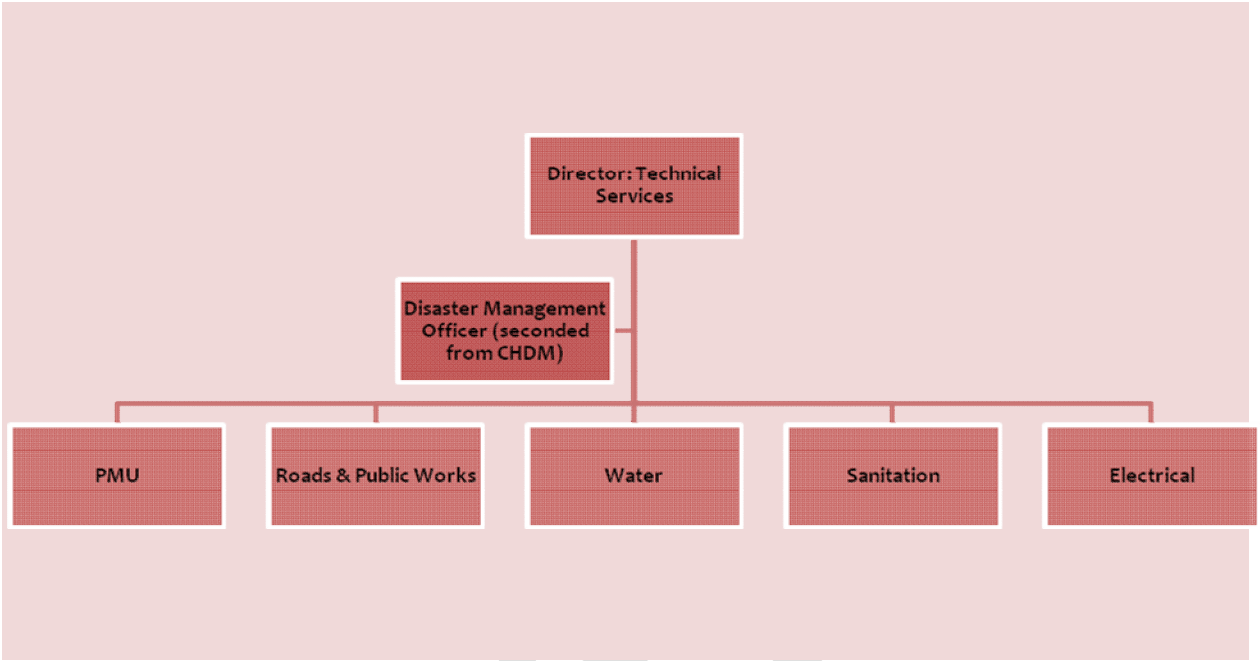
- A Fleet Management Policy is currently in place and implemented according to the Implementation Plan;
- The capacity of staff to manage this function effectively has improved; and
- The fact that the municipal fleet is ageing and vehicles are required to be maintained more effectively remains an ongoing area of concern and challenge.
- It is required that greater efficiency in the provision of vehicle logs and petrol consumption reports is provided to the CFO for processing, as this is not always timeously completed.

DISCLAIMER:

It must be noted that the information provided by this department is questioned in terms of its accuracy. As already stated, information control and management (record keeping is an area of deficiency) and this has an unavoidable impact on all data and statistics contained within this report especially in terms of the human resources related statistics.

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5.3. TECHNICAL SERVICES



DEPARTMENTAL MANAGER: X MNTONINTSHI

FUNCTIONAL RESPONSIBILITIES

- Project management of IDP and grant funded projects through PMU unit;
- Reduction in backlogs in respect of water, sanitation, roads and electricity;
- Electricity distribution in licences areas only;
- Street lighting
- Electricity distribution in licenced areas;
- Roads construction and maintenance (municipal access roads);
- Stormwater and pavement construction;
- Provision of bulk water (treatment and reticulation); and
- Sanitation – (sewerage removal and treatment).
- Development and implementation of departmental SDBIP

DEPARTMENTAL OBJECTIVES

- Management and provision of MIG funded project reports
- Monthly (service delivery) and quarterly SDBIP reporting on all operational issues;
- Public participation initiatives;
- Adherence to the Occupational Health and Safety Act;
- IDP Project implementation reports;
- Functionality of Safety Committees;

- SLA signed with ESKOM;
- Management of electricity losses;
- Measurement and reporting on Water Maintenance Plan, Water Treatment Works and Faults and Repairs.
- Approval of the Roads Master Plan
- Measurement of refuse removal and treatment as per schedule
- Roads Construction Reports and
- Approval of the Waste Management Plan

PERFORMANCE REPORTING AND CHALLENGES FOR 2010/2011

Some of the greatest challenges faced by the Technical Services Department related to the lack of infrastructure and poor reporting ability. Historically it is recognized that the municipality experienced severe financial constraints (with an extremely limited rate base) and this, coupled with poor infrastructure has affected the ability of the Technical Services Department, to report efficiently in respect backlogs and progress in these areas moving forward.

Base line statistics are often not available, and where these are provided, one is never completely sure of the accuracy wit which these are reported.

2009/2010 reflected momentous change from an infrastructure development perspective and both MIG and IDP projects were able to be fully implemented, resulting in major improvements to infrastructure. It must be noted that while this was greatly advantageous all infrastructure development and maintenance must be sustainable over time. Failure to achieve this, results in the perpetuation of this problem. - That of having old ageing infrastructure that cannot be repaired due to a lack of funding and capacity.

Historically within the technical services division, it is noted that baseline statistics are not available although reporting is required by National Treasury. The lack of base line data or statistics makes it very difficult to ascertain or prove whether performance levels have increased or decreased and to what degree and this is clearly an aspect that needs to be addressed in the formal sense.

By including specific targets in the departmental scorecards, recording should become mandatory and efforts should be made to ensure that specific delivery service delivery are effectively and accurately measured. The importance of the need to record data correctly and accurately cannot be over-emphasised and required reporting must be built into all departmental and individual scorecards.
Funding for operational maintenance projects are traditionally funded through the Municipality's internal funding sources, (as with services charges equitable share allocations under the Division of Revenue Act, and Rates and Taxes). In turn, all capital projects are undertaken with internal resources and MIG conditional grants (Municipal Infrastructure Grants).

The following tables reflect the various subsidized projects that are managed within the Technical Services Department PMU Manager.

SAKHISIZWE MUNICIPALITY
SUBSIDIZED PROJECTS

PROJECT 2009/2010	Status	2011	2010	2009
Grants and subsidies paid				
Other subsidies				
Fund: Cala Gravel Roads			-	1 800 635
Fund: Finance Management Grant (Related Projects)			2 454 863	1 345 066-
Fund: Skills Development			-	208 100
Fund: MSIG expenditure			306 542	359 735
Fund: MIG High Mast Towers			186 390	1 945 117
Fund: MIG expenditure roads			-	2 913 530
Fund: IDP			-	107 211

Status and expenditure not provided for 2011

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IDP PROJECTS

IDP PROJECTS 2009/2010	AREA	FUNDER	AMOUNT	*STATUS 2009/2010*	Expenditure 2010/2011	Status
Maxongo's Hoek	Ward 2	MIG	R2,5m	Implementation Stage		
Masibambane	Ward 2	MIG	R2m	Implementation Stage		
Lower Cala-Lapesini	Ward 4	MIG	R3m	Implementation Stage		
Tractors for ploughing the fields	Elliot Unit & Cala Unit	SM	R3m	Planning		
Cala Abattoir Completion	Ward 5	CHDM	R1m	Planning		
Sakhisizwe Greening	Ward 5 & Ward 2	DEAT	R7m	Implementation Stage		
Electrification of Cala Extension	Ward 4 & 3	Eskom	R18m	Planning		
Electrification of Takalani	Ward 1	DME	R6m	Planning		
Dipping Tanks	Ward 1 – 7	CHDM	R1,5m	Planning		
Taxi Rank	Ward 5	MIG	R1m	Planning		
Hawker Stalls	Ward 1 – 5	MIG	R2m	Planning		

Status and expenditure not provided for 2011

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SAKHISIZWE MUNICIPALITY PROJECT EXPENDITURE

PROJECT	2011	2010	2009
Grants and subsidies paid			
Fund: Housing		6 297 562-	1 259 343-
Fund: General Valuation		-	601 444
Fund: LED		284 131	-
Fund: Repairs and Maintenance		288 915	-
Fund: Dipping Tanks		97 875	-
Fund: Repairs & Maintenance: Pounds		2 124	-
Fund: Repairs & Maintenance: Street Lights		8 134	
Fund: Land Audit & Other		258 786	
Fund: Election Expenses			101 310
Fund: Cala Reserve Community Hall		-	186 819
Fund: Cala Pass Community Hall			193 593
Fund: Disaster expenditure		402 853	14 179
Fund: Web Site		-	49 560
TOTAL		**10 588 175**	**11 085 642**

Status and expenditure not provided for 2011

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Municipal Infrastructure Grant Expenditure for 2010/11 (Conditional)

A detailed account of the Municipal Infrastructure Grant Expenditure is detailed below as follows:

The Allocation for 2010/2011 Financial Year was R 11 166 000.00
5% of the PMU R 558 300.00
Balance R 10 607 700.00
Construction Amount R 8 070 092.00
Expenditure to Date R 8 070 092.00

CAPITAL PROJECT MEDIUM TERM EXPENDITURE FRAMEWORK – 2010/2011, 2011/2012 and 2012/2013
Completed and current projects are reflected as follows: example please complete with own info therein

CONTRACTORS MIG PROJECTS REPORT 2010/2011 FY							
PROJECT NAME	**CONSULTANT**	**CONTRACTOR**	**CONTRACT AMOUNT**	**EXPENDITURE TO DATE**	**STATUS**	**MIG REGISTRATION NUMBER**	**COMMENTS**
Cala Pass Community Hall	Maisha Development Engineers	Braine Wave Construction	R 1 492 592.70	R 1 492 592.70	100% Complete	MIG/EC1625/CF/09/10	Contract has be Terminated with the contractor
Mamfengwini Qolombeni Access Road	Africa Dynamic Consultant	Amadwala Construction	R 2 649 174.00	R 2 649 174.00	Complete	MIG/R/EC/5053/08/09	Completed in April Retention
Manzimdaka Access Road	Mbesi Consulting	Lukhanji Construction	R 2 556 573.06	R 2 556 573.06	100% Complete	MIG/R/EC/5562/08/10	Completed in August
Ncaluka Access Road	Khulanathi Consultant	Langalethu Construction Qumbiso JV	R 1 371 752.24	R 1 371 752.24	100% Complete	MIG/EC1617/RST/08/09	Completed in June Retention
TOTAL CONTRACT AMOUNT			**R 8 070 092.00**				
TOTAL EXPENDITURE AMOUNT				**R 8 070 092.00**			
TOTAL BALANCE	**432 766.36**						

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CONSULTANTS MIG PROJECTS REPORT 2010/2011 FY					
PROJECT NUMBER	**PROJECT NAME**	**CONTRACTOR**	**AMOUNT PAID**	**REASON**	**COMMENT**
MIG/R/EC/2971/07/09	Manzimdaka Access Road	Mbesi Consultants	R 363 864.26	Business Plan & Project Monitoring	Professional Fees
MIG/R/EC/1617/RST/08/09	Ncaluka Access Road	Khulanathi Consulting	R 214 793.27	Project Monitoring	Professional Fees
MIG/R/EC/6097/09/09	Cala Reserve Access Road	Khulanathi Consulting	R 131 661.59	EIA Report	Professional Fees
MIG/R/EC/6149/09/09	Mnxe Mission Access Road	Khulanathi Consulting	R 64 672.84	Business Plan	Professional Fees
MIG/R/EC/5093/08/09	Makhwetshubeni Access Road	Khulanathi Consulting	R 36 490.90	EIA Report	Professional Fees
MIG/R/EC/6367/09/09	Manzana Access Road	Khulanathi Consulting	R 38 859.75	Business Plan	Professional Fees
MIG/EC1617/RST/08/09	Kuthule Access Road	Zezethu Engineers	R 32 472.90	Business Plan	Professional Fees
MIG/R/EC/5043/08/10	Polar Park Access Road	Zezethu Engineers	R 32 472.90	Business Plan	Professional Fees
MIG/R/EC/5092/08/10	Veris Access Road	Zezethu Engineers	R 19 437.57	Business Plan	Professional Fees
MIG/EC/5053/08/09	Mamfengwini to Qolombeni Access	Africa Dynamics Consulting	R 315 249.17	Project Monitoring	Professional Fees
MIG/R/EC/6992/08/09	Upper Ndwana Access Road	Africa Dynamics Consulting	R 194 999.68	Business Plan	Professional Fees
MIG/R/EC/4312/09/11	Upgrading of Cala Road And Stormwater Phase 2	Inyameko Consultants	R 362 100.97	Business Plan + Design & Tender	Professional Fees
MIG/R/EC/7173/09/10	Stokhwes bason Access Road	Inyameko Consultants	R 140 196.00	Business Plan	Professional Fees
MIG/CS/EC/7541/09/10	Construction Ward 5 Community Hall	SDM Consulting	R 104 469.41	Business Plan	Professional Fees

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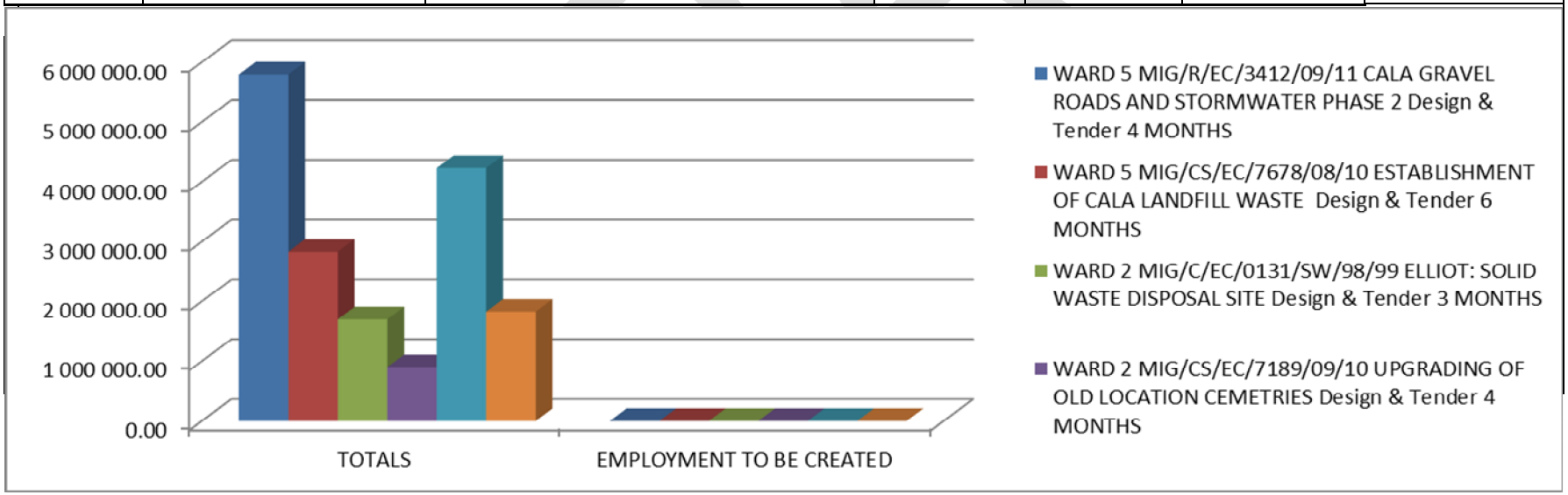
CONSULTANTS MIG PROJECTS REPORT 2010/2011 FY (Cont.)					
PROJECT NUMBER	**PROJECT NAME**	**CONTRACTOR**	**AMOUNT PAID**	**REASON**	**COMMENT**
MIG/CS/EC/7675/09/10	Construction Ward 6 Community Hall	SDM Consulting	R 53 100.41	Business Plan	Professional Fees
MIG/CS/EC/7676/09/10	Construction Ward 7 Community Hall	SDM Consulting	R 53 100.41		Professional Fees
TOTAL AMOUNT			**R 2 104 841.62**		

FUTURE PROJECTS
MIG CAPITAL PROJECTS FOR THE 2011/2012

PROJECT NAME	PROJECT NO	WARD NO	AMOUNT	FUNDER	PROJECT STATUS
Cala Roads & Stormwater Phase 2	MIG/R/EC/3412/09/11	5	R 4 085 137.00	MIG	Tender stage awaiting contractor award
Elliot Landfill Site Transfer Station	MIG/CS/EC/0131/98/99	2	R 1 404 074.40	MIG	Environmental impact assessment stage
Cala landfill Site	MIG/CS/EC/7678/08/10		R 2 282 189.60	MIG	Environmental impact assessment stage
Elliot Old Location Cemeteries	MIG/CS/EC/7189/09/10	2	R 890 000.00	MIG	Tender stage awaiting contractor award
Elliot Old Location Community Hall	MIG/CS/EC/5084/08/09	2	R 2000 000.00	MIG	Tender stage awaiting contractor award
Cala Ndondo Square Community Hall	MIG/CS/EC/7541/09/10	5	R 2000 000.00	MIG	Tender stage awaiting contractor award
Project Management Unit		ADMIN FEES	R 679 599.02	MIG	
TOTAL BUDGET			**R 13 431 000.00**		**Expectations are that project that are waiting awards will be soon moving to implementation stage**

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MUNICIPALITY:SAKHISIZWE LM FUTURE MIG PROJECTS AND CASHFLOW PROJECTION 2011/2012						
WARD NAME/ VILLAGE	**PROJECT NUMBER**	**PROJECT NAME**	**PROJECT STATUS**	**PROJECT DURATION**	**TOTALS**	**EMPLOYMENT TO BE CREATED**
WARD 5	MIG/R/EC/3412/09/11	CALA GRAVEL ROADS AND STORMWATER PHASE 2	Design & Tender	4 MONTHS	**5 792 000.00**	40
WARD 5	MIG/CS/EC/7678/08/10	ESTABLISHMENT OF CALA LANDFILL WASTE	Design & Tender	6 MONTHS	**2 832 187.54**	50
WARD 2	MIG/C/EC/0131/SW/98/99	ELLIOT: SOLID WASTE DISPOSAL SITE	Design & Tender	3 MONTHS	**1 697 000.00**	20
WARD 2	MIG/CS/EC/7189/09/10	UPGRADING OF OLD LOCATION CEMETRIES	Design & Tender	4 MONTHS	**899 017.68**	20
WARD 5	MIG/CS/EC/7541/09/10	CONSTRUCTION OF WARD 5 COMMUNITY HALL	Design & Tender	5 MONTHS	**4 232 942.04**	30
WARD 2	MIG/CS/EC/7542/09/10	OLD TOWNSHIP COMMUNITY HALL WARD 2	Design & Tender	5 MONTHS	**1 825 140.00**	30
	MIG/EC/08/09	PMU	Admin. Fund		**671 499.96**	
Totals					**17 949 787.22**	**190.00**



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It is to be noted that all of these projects have been informed by community participation meetings, which relate to the development and review of the IDP. Through alignment between the IDP, Budget and SDBIP it is ensured that projects vital to the success of the organization and its long-term plan are correctly undertaken.

Water Services

It is noted that CHDM is the Water Services Authority who has appointed Sakhisizwe Municipality on an agency basis to reticulate the water supply for a defined period.

Accordingly it is noted that:

- Water purification is undertaken at Cala and Elliot
- Bulk water is supplied to both Cala and Elliot;
- While outlying water is essentially supplied by DWAF, CHDM and Amatola Water, it is reticulated by Sakhisizwe Municipality
- Potable water is reticulated to 3 455 households as follows: Masibambane 1 763, Elliot (metered) 865, Pholar Park 29, and Cala (Metered) 798.
- As requested, new connections are conducted upon application;
- Water Services Infrastructure remains the responsibility of the Water Services Authority,
- While rural areas remain the responsibility of Amatola Water (appointed by CHDM);
- Generally the tasks of Sakhisizwe Municipality remain as follows:
    - To implement preventative maintenance
    - To curb water shortages
    - To maintain the purification works and reticulation systems'
    - To optimise treatment works;
    - To curb water shortages
    - To provide the required vehicles and equipment; and
    - To build dams and reservoirs

Challenges and general comments

As already indicated, Sakhisizwe Municipality, as the WSP is contracted by CHDM to provide water services to the rural and urban areas of Sakhisizwe. This process involves the pumping of raw water, the treatment of this raw water (chemically and operationally), repairs and maintenance to pipe leakages (bulk and internal reticulation) and operational water monitoring.

Aside from the already stated water reporting challenges, it must be noted that process control has been extremely challenging due to the fact that there are no process controllers in all of the 3 WTW;'s and general workers have been used to cover this function. The appointment of qualified and classified controllers is therefore of critical importance. Additionally the literacy levels of staff have made training interventions extremely challenging for these staff.

A total of 12 process controllers are required to be employed – four for each of the three water treatment plants.

The Cala Raw water Storage facility and the Thompson Dam Raw Storage facility for Elliot TWT both require de-silting in order to be able to increase the raw water storage capacity and to accommodate current and future housing developments.

Additional Challenges include:

- Old aging infrastructure, vehicles and equipment;
- Skilled and experienced staff are in short supply;
- A culture of non-payment continue to be experienced and cut-offs are required to be implemented regularly
- Illegal connections and metering tampering continues unabated and are not minimized
- Poor maintenance has impeded service delivery levels.
- Water database on Water Management and Operations is required to be developed; and
- The Complaints Register is required to be utilized and managed

Sanitation

The Sakhisizwe Municipality has been appointed as the Water Services Provider by the Water Services Authority (CHDM) in order to provide sanitation services to the delegated areas of Elliot and Cala, while the rural area falls under the Water Services Authority.

As with the Water, all infrastructure responsibilities lie with the Water Services Authority.

On the positive side it is noted that there is no real backlog in respect of sanitation and the real issues remains that a large percentage of this falls below RDP standards.

New sewerage connections are therefore done on request.

Maintenance work relates to the maintenance of ponds, conservancy tanks and the reticulation systems.

All waterborne households are serviced and 40 conservancy tanks. Many of the VIP's are below RDP standards and this is particularly true in Pholar Park where there has been minimal infrastructure. It is anticipated that this might be addressed following the upgrading of Waste Treatment by CHDM.

The Urban Communities are insisting on waterborne sanitation removal and refuse to accept other methods. At a political level it is noted that the decision to provide waterborne sanitation in urban areas and VIP's in rural areas has been taken.

The backlog for basic sanitation is 51% and it is required to be fully reversed by the end of 2012. 6535 households lack access to basic sanitation services.

Sanitation challenges

- Rural sanitation backlogs remain a real challenge although plans are underway to rectify these issues;
- VIP toilets are in short supply in the rural areas;
- Sanitation and maintenance ponds are required within the rural areas;

- Old ageing infrastructure impedes growth and service delivery at every level and budgeting /resource allocation must be made to facilitate infrastructure projects moving forward;
- The construction of the oxidation pond at Elliot extension has commenced while the construction of the new treatment works is at the design phase;
- The Treatment works at Elliot has exceeded its deign period;
- Sewerage ponds are at capacity;
- Sewerage flows into the river;
- Rural sewerage backlogs are abundant;
- Pond was are damaged;
- Masibamabane (urban area) has 99% of households using flush or chemical toilets while in Elliot and Cala, 946 and 599 households do not have sanitation facilities.
- Areas such as Jonini, ezintlantini have as informal settlements been provided with temporary sanitation structures.
- Areas of Ward 7 do not have sanitation, while the sanitation project for cluster 4 is underway.
- All of these issues are exacerbated by the fact that only 1 sanitation supervisor was appointed for both towns which is below the accepted standards of the Department of Water Affairs.

Disaster Management

As a core function of the CHDM, Disaster Management Forums are attended in order to facilitate an integrated approach to the management of disaster and the development of the Disaster Management Plan.

To date the Disaster Management Plan has yet to be approved. A coordinated effort and focus is required to ensure that:

- An integrated and coordinated approach to disaster management is followed;
- Staff are capacitated;
- Infrastructure supports rehabilitation needs that might become prevalent after a disaster;
- Shortages of equipment are minimized; and
- Awareness programmes and campaigns are held to facilitate effective disaster management and support.

Notwithstanding it is noted that no infrastructure development has occurred within the past 4 years – and infrastructure continues to be a challenge.

Roads / Public Works

The intention of the Roads/Public Works division was to engage in all service delivery projects (IDP and grant funded), which relate to specific projects in respect of:
- The construction and maintenance of gravel and surfaced roads;
- Rehabilitation and maintenance of roads;
- The construction of access roads; (the Manzimdaka Access Road, the Ncaluka Access Road and the Mamfengwini to Qolomeni Access Road projects were completed).

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- The construction of sidewalks;
- The construction of stormwater systems;
- The construction of bridges and river crossings;
- The maintenance of road furniture; and
- The planning and design of new projects and the purchase of new plant and equipment.

One of the greatest challenges is the lack of clarity regarding road classifications, which indicate which belong to which entity i.e. district, local Council, Department o f Roads and Transport and the like.

Progress and Challenges

Specific targets were at times fully or partially achieved as follow:

- The gravel road access roads were stalled;
- 3 access roads were fully completed for 2010/2011 and 12 were incomplete;
- MIG Roads projects were well achieved as planned, and these projects will carry over to the next financial year,
- Stormwater clearing has been completed
- The development of the Roads Master Plan; has been completed
- The CHDM is currently organizing a Roads Indaba in order to determine the functional responsibilities of each role player i.e. local municipalities, DORT and the District Municipality;
- Reporting on roads maintenance and construction as per the gravel and tar roads and paving of Polar Park Streets, and the access roads projects remain an issue; and reporting cannot be validated re-progress and project implementation; and
- In respect of sustainable development, electricity and roads projects were started together and completed as scheduled.
- The Taxi Rank Project was conducted due to savings on the MIG Roads, and the capital MTERF, and
- The Roads and Stormwater Project and the Roads and Stormwater Phase 4 Project are being implemented only after the budget adjustment and the use of funding allocated from the previous year.

Electricity

Sakhisizwe Municipality provides an electrical service that is dictated by Eskom licence. Accordingly, only 3 areas are licenced to Sakhisizwe (operating licence) and these are NERSA in Eliot (Elliot Town, Takalini Township and Hillview Township). These all share an energy power of 2.5 kW per month which is monitored by Eskom.

Electricity nodes are currently reflected at 90% and the remaining 10% are planned to be facilitated /implemented during 2011/2012. (Sakhisizwe and Eskom Roll out plan).

- During 2010/2011 Electricity Projects were undertaken in Takalini Township and Hillview – here household connections were completed with 2 high mast street lighting, and
- In lower Langanci, the constructing of bulk MV lines (phase 1 took place).

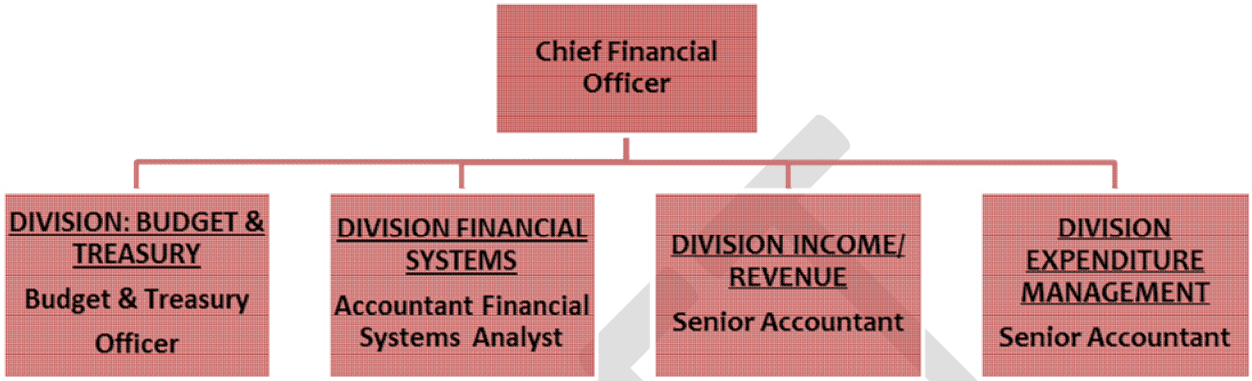
Challenges

Overall the challenges are reflected as follows:

- Financial constraints;
- Lack of human resource capacity and scarce skills;
- A lack of adequate vehicles and equipment; and
- Protective equipment to facilitate a safe and health working environment.

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6.5 BUDGET & TREASURY DEPARTMENT



CFO: DEPARTMENTAL MANAGER: MR P STEYN

Functional Responsibilities

- Revenue Collection/Income Generation
- Expenditure
- Budgeting
- Accounting and Reporting
- Information Technology
- Assets and Risks
- Supply Chain Management
- Departmental SDBIP & aligned financial plans

Overall Objectives 2010/2011

- Develop/review all policies, procedures and by-laws required by the Municipal Finance Management Act (MFMA);
- Implementation of all National Treasury Regulations;
- Implementation of all policies and procedures as stipulated in the Municipal Finance Management Act (MFMA) and National Treasury Financial Regulations;
- Compliance and conversion to GRAP;
- Effective and transparent supply chain management practices;
- Effective, efficient and economic management of the municipal financial resources;
- Manage and safeguard the assets of the municipality in order to ensure effective and economic delivery of services;

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- Maintain and support the IT equipment and network.

Performance Reporting and Challenges

It must be acknowledged that 2009/2010 signified a time of positive change and financial turnaround for Sakhisizwe Municipality. During this time the CFO, with assistance from Mr McEwan (DBSA mentor and coach) ensured that Sakhisizwe Municipality had a positive cash flow. It is noted that the 2010/2011 financial year also reflects a high level of liquidity.

Additionally, the Auditor General's Report and the subsequent Audit Action Plan (for 2011) have ensured that many areas requiring improvement based on 2010/2011 were effectively managed.

As with the previous financial year, financial record keeping and data maintenance and control remains a challenge and efforts to manage and improve within these areas are reflected within this report.

Revenue Collection/Income Generation

In an effort to facilitate revenue collection:

- SEBATA corrected the interest setting on the system in order to ensure that the interest charged to debtors is accurate;
- A consumer deposits register was compiled/taken directly from the SEBATA register in order to ensure greater control of financial deposits for services;
- The Tariff Policy was adjusted to reflect an appropriate consumer deposit figure;
- Efforts are currently underway to follow up with SARS to ensure that all outstanding VAT refunds are received (as these have not been received since the February 2010 tax period);
- Similarly, the CFO is to amend the VAT registration of the municipality with SARS, from the Invoice to the cash bases;
- Efforts were made to verify the accuracy of the Valuations Roll in order to reconcile the rateable properties (Valuations Register), to the rates levied as per the Debtors/General Ledger;
- Revenue was affected by errors that occurred in the reading and processing of meter readings of water and electricity. It is acknowledged that the greatest challenge lies in consequences of incorrectly installed and / or broken water meters. At this point it is noted that this has not been entirely resolved and meetings continue with the CFO, Technical Services Manager and Chris Hani District Municipality in an effort to resolve this completely.
- There is a lack of supporting documentation for both the assessment rates journal and electricity charges and efforts are underway to ensure that these are provided as required;
- It is noted that there was insufficient supporting documentation to support the accuracy and competency of Grant Revenue received. Efforts are underway to resolve this.
- It is noted that the Credit Control and Debt Collection Billing System are applied although during this time Consumer Debtors increased by 0.29%. Efforts to apply the Credit Control procedures must be enhanced and so too the practice of monthly

disconnections/cut offs.

- The Indigent Policy was updated, tabled and approved by Council. Notwithstanding, the updating of the Indigent Register remains an ongoing challenge, in terms of ensuring that all qualifying persons are aware of this facility, register for this benefit and ensure that non-qualifying persons (who are reflected on the Register) are removed.

As a general comment within this area it is noted that tighter controls in respect of cash management and revenue management remain an ongoing challenge. Extensive staff capacitation in respect of systems and controls is required.

Expenditure and Control

It is noted that expenditure reporting has not occurred as effectively as required. While reporting to National Treasury on expenditure is occurring, it must be noted that the required standard of this reporting is not being met. This is especially true as in the case of the s72 Report where it is extremely difficult to obtain the non-financial performance related information from other departments. Reporting is the responsibility of all departments and efforts are required to be made to improve the quality of reporting and to ensure that departments take responsibility for their own levels of reporting.

Supply Chain Management

Although supply chain management is more effectively applied, keeping with the approved Supply Chain Management Policy, the following issues are highlighted:

- The target of ensuring that 30% of tenders are awarded to HDI's was achieved. SCM practices have not always been been correctly applied, this had been unavoidable as it is acknowledged that great difficulties are at times experienced in the ability to appoint suitable qualified and experienced service providers from HDI groups. Notwithstanding, this target is considered with every award, and due consideration is given.
- The Service Provider Database although compiled, has not been achieved at the level required. It is imperative that this be complied with detail regarding the service provider outputs and the quality of the services rendered; and
- A service providers report was not provided and, service providers performance not measured
- SCM Compliance Reporting does not meet the all required standard and it is imperative that this is addressed moving forward.

While great strides have been made it is clear that efforts to improve on reporting are required.

Accounting and Reporting

Daily and monthly updating and reporting in respect of accounting records and MFMA prescripts are required as follows;

- National Treasury
- Provincial Treasury

- Accounting Officer
- Executive Committee
- Municipal Council
- Monthly reconciliation of supporting registers
- Funds
- Loans
- Assets
- Banks
- Investments
- Debtors
- Creditors and
- Income & Expenditure
- Compilation of annual financial statements
- Compilation of annual report for Department: Budget & Treasury Service
- Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Accounting and Reporting

Challenges and general comments include:

- Monitoring and control although much improved will remain an ongoing challenge to ensure constant and accurate data integrity and management;
- Reconciled registers and supporting documentation are maintained.

Generally and in most instances the reporting requirements have been met. In this regard the following reports have been provided:

- Half yearly CFO co-ordinating forum meetings have been scheduled and met;
- S11(4)(a) MFMA quarterly reports have been provided;
- Monthly grant reconciliation reports are submitted;
- Investment Account reports are submitted monthly to the Finance Standing Committee and to Council quarterly;
- The development and approval of the Investment Strategy;
- Staff Benefits reports;
- MFMA reporting on Implementation Priorities;
- Approved IDP Review;
- Expenditure Reports;
- Risk Assessment Reports;
- Approved Tariffs and Adjustment budget;
- The Approved Audit Action Plan, and
- Implementation reports.

Monitoring and control will remain an ongoing challenge and every effort is to be made to ensure that all data captured is both accurate and delivered in a consistent manner. The need to maintain an appropriate audit trail and to ensure that registers and supporting documentation are maintained efficiently must receive priority status.

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Budgeting

In respect of the annual compilation of the Budget, it is noted that the majority of responsibilities and duties have been timeously achieved. The responsibilities within this section related to the compilation of Council's operational and capital budget. It is also instrumental in providing the necessary inputs that are required during the annual review of the Council's IDP.

Additionally this department is required to determine the tariffs and to maintain a cash budget. The prime focus is to monitor actual expenditure against councils approved budget and to ensure that all departments are aware of the current status of their accounts (ensuring no over or under expenditure).

In respect of Budget Performance, it is noted that

- Timelines related to the Budget and the IDP Process Plan have been met;
- Quarterly reports are submitted to Council as per the MFMA;
- SDBIP and PMS Reports are submitted to National Treasury;
- All wards participated in the Budget process which represented an incredible improvement in public participation
- The Budget was aligned to the IDP and the SDBIP;
- Budget polices have been updated;
- The Operational and Capital budget have been prepared and reported on;
- AFS was submitted timeously;
- Tariffs were determined in terms of the updated polices;
- The Budget and supporting documents were approved;
- Reporting requirements to National Treasury, Provincial Treasury and the Public were adhered to; and
- The Budget is GRAP compliant.

It is imperative that the formulation of the Budget be considered as a participatory process and as such it is noted that all Wards were included through the public participation initiatives.

While success has been achieved it must be acknowledged that not all staff within this department have the necessary experience required (notwithstanding that senior staff have the required academic qualifications). Plans are therefore to be put into place to ensure that coaching and training occurs to manage this deficiency.

Capacity issues and shortages of staff are experienced in this department and appropriate steps are to be taken to resolve this issue.

While financial constraints will always be an issue, through effective implementation of financial policies, controls and systems the effective functioning of the department may be maintained.

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Assets and Risks

Asset management is a process that is not without challenge, not the least of which relates to immovable assets, and the credibility and accuracy of data management in respect of this.

GRAP compliance in respect of movable assets and stock evaluations has been achieved and the ongoing stock take of assets will proceed regularly as scheduled together with the processing of acquisitions and disposal of assets.

Reporting on assets is being done but as indicated data issues relating to immovable assets are to be resolved.

Motor Vehicle Licensing

As with previous periods extreme challenges are experienced in respect of infrastructure provision, staff shortages and the training of staff on NATIS. Additionally, and although improvements have been noticed, the management and control of the testing station remains an area of focus and challenge. Some relief has been achieved from the structural Changes and the renovations to this building which are now more conducive for staff and customers alike.

Information Technology

In an effort to provide efficient and effective It support to departments, it is noted that:

- The IT systems have been protected by the regular upgrade of hardware and software;
- The SEBATA financial system is well-maintained and issues raised are dealt with timeously;
- E-mail systems are provided as effectively functional; and
- The website is developed and updated according to the implementation plan.

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OVERVIEW AND CONCLUSION

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OVERSIGHT REPORT 2009-2010

(Included on completion of MPAC/OVERSIGHT PROCESS TO OCCUR IN February and tabled with the final draft Annual report by 31 March 2012)

CLOSING SUMMARY

From the detailed chapters in this Annual Report, Sakhisizwe Municipality has been able to report on most aspects of organisational performance, providing a true, honest and accurate account of Council priorities and goals and our ability as an organization to achieve these, notwithstanding the many highlighted challenges that prevail.

Within Part 1, Chapter 1 of this report, you were exposed to an overview of Sakhisizwe's geographic and demographic profile, as well as socio-economic factors that influence life within this region. The Mayors Foreword; Municipal Managers Report and the Executive summary.

Part 2, Chapter 2 has Achievements highlighting the Performance and the key successes and challenges experienced by the service delivery departments. These have been examined by looking at the service delivery approach adopted, the performance measures and key successes, as well as the challenges and opportunities faced by service delivery currently.

Chapter 3, provides insight into the organization LED Framework and Implementation

Chapter 4, represents an account of Sakhisizwe's financial health and includes all financial statements as public documents.

Chapter 5, provides insight into the Good Governance and Public Participation and the organization structure and changes required to ensure that Sakhisizwe Municipality is able to fulfil its developmental Local Government objectives, through compliance at every level.

Chapter 6, provides comprehensive information on the functional areas of Sakhisizwe Municipality, including overviews of functions and strategic objectives. All of these objectives are then tied directly back to the Integrated Development Plan and more technically into the Service Delivery Budget and Implementation Plans for each department.

Finally, it must be noted that the Annual Report for 20010/2011 provides a realistic and accurate account of the progress and extreme difficulties experienced by Sakhisizwe Municipality and reflects the impact that all of this has had on service delivery.

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CONCLUDING REMARKS

In concluding, it must be noted that while every effort has been made to reflect on the annual performance of Sakhisizwe Municipality during the 2010/2011 period and the degree to which the performance targets have been met, it must also be acknowledged that in many instances there has been a total lack of information. Although some improvement has been made in the supply of required information the situation mirrors the situation of the previous financial year where issues in reporting were ever present. Lack of adequate formal records, systems and controls (to verify various aspects of performance) have already been highlighted as areas for concern within the Auditor General's Report (and in 2009/2010) and this does nothing to aid the reporting process itself.

The Audit Action Plan implementation has yielded some progress and steps are underway to ensure that required information is recorded in an effective manner within the new financial year. Service delivery issues and limitations have already been highlighted and while it is understood that in certain areas reporting on legislated statistics was never before required, this has been highlighted more recently. While this can to a large extent be contributed to a general lack of baseline data one cannot lose track of the fact that these same deficiencies were highlighted in the Annual Report of 2009/2010. It is now common knowledge that this information is now required for statistical purposes, compliance and to ensure sustainability. While we understand the reporting difficulties that have been created from having to access this type of information, we also appreciate that these reporting inadequacies cannot be resolved "over- night ". A disclaimer is therefore made in terms of the inability to report fully as required and to access baseline data for backlogs and service delivery statistics. Many of these areas have never been reported on before and in many instances there is a lack of resources (financial, material, or technical) that would be required to facilitate the measurement and reporting on such data. In an effort to resolve these issues, extensive planning and action must be undertaken during 2011/2012 in order to set up required measures and to obtain at least the baseline figures where required. Any gaps in information and reporting must be timeously highlighted in order to ensure that appropriate information can be timeously provided and verified for audit purposes during the course of the year. Commitment to these performance targets must be evaluated and failure to initiate appropriate action must be dealt with in accordance with the Disciplinary Policy and Procedure Code.

What is commendable is the manner in which the Audit Action Plan for the previous financial year 2009/2010 has been dealt with and the effort that was made by the CFO to resolve these issues moving forward.

Understanding and accepting these issues it is recommended that this draft Annual Report be accepted as a reflection of the activities, progress and issues as they occurred within the 2010 -2011 financial year.

Recommendations

It is recommended that:

1. Council accept this draft Annual Report for Sakhisizwe Local Municipality for 2010/2011;
2. That this report be made available for public comment from 1 February – 20 February 2012 by placing a copy at all municipal offices;
3. That public access to this report be advertised according to recognized media;
4. That these comments and the comments of MPAC be submitted for final inclusion to the Annual Report 2010/2011;
5. That Council formally ensure that management develop and commit to an action plan to ensure that any gaps in information within this report are timeously resolved; failing which appropriate action should be taken against the relevant parties.

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DISCLAIMER: SOME OF THE INFORMATION THAT IS CONTAINED WITHIN THE REPORT CANNOT BE VERIFIED. THERE HAVE BEEN CONFLICTING STATISTICS PROVIDED AND IN CERTAIN INSTANCES LIMITED INFORMATION HAS BEEN FORTHCOMING.

IN COMPILING THIS REPORT THE CO – ORDINATOR OF THIS REPORT IS ONLY ABLE TO REFLECT ON THE INFORMATION PROVIDED AND THE MUNICIPALITY IS URGED TO FOCUS VERY SERIOUSLY ON THE RECORDING OF DATA IN ORDER TO OBTAIN A MORE RELIABLE SET.

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GLOSSARY

CBO	*Community Based Organisation*
DBSA	*Development Bank of South Africa*
DORA	*Division of Revenue Act*
DWAF	*Department of Water Affairs and Forestry*
GAMAP	*Generally Accepted Municipal Accounting Practices*
GDP	*Gross Domestic Product*
GRAP	*Generally Recognised Accounting Practices*
IDP	*Integrated Development Plan*
ILGM	*Institute of Local Government Management of Southern Africa*
IMPRO	*Institute of Municipal Public Relations Officers*
LED	*Local Economic Development*
LGSWETA	*Local Government and Related Services SETA*
MFMA	*Municipal Finance Management Act*
MIG	*Municipal Infrastructure Grant*
PMCL	*Prevention mechanisms of current litigations*
NEPAD	*New Partnership for Africa's Development*
NGO	*Non-Government Organisation*
SALGA	*South African Local Government Association*
SMME	*Small, Medium and Micro Enterprises*
TLC	*Transitional Local Council*
CHDM	*Chris Hani District Municipality*

CREDITS

Sakhisizwe Municipality wishes to thank the following people for their contributions:

- ***The Honourable Mayor and Councillors***
- ***Office of the Municipal Manager: Municipal Manager: Mr T Samuel***
- ***Chief Financial Officer: P Steyn***
- ***Inputs from: S57 Managers: -- Corporate Services Manager: Ms N Mazwayi***
- ***Technical Services Manager: Mr X Mntonintshi***
- ***IPED Manager: Mr N Saleni***

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